

DOCUMENT OF THE INTER-AMERICAN DEVELOPMENT BANK

PARAGUAY

PRESCHOOL AND EARLY EDUCATION IMPROVEMENT PROGRAM

(PR-0124)

LOAN PROPOSAL

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Proposed resolution

BASIC SOCIOECONOMIC DATA

For basic socioeconomic data, including public debt information, please refer to the following address:

English:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

Spanish:

<http://www.iadb.org/RES/index.cfm?fuseaction=externallinks.countrydata>

ABBREVIATIONS

ACE	Asociación de Cooperación Escolar [Cooperative School Association]
AWP	Annual work plan
CEBINFA	Centro de Bienestar de la Infancia y Familia [Children and Family Welfare Center]
CESI	Committee on Environment and Social Impact
DEI	Dirección de Educación Inicial [Early Childhood Education Division]
DGEEC	Dirección General de Estadísticas, Encuestas y Censos [Statistics, Survey and Census Bureau]
DPEI	Dirección de Planeamiento, Estadísticas e Información [Planning, Statistics and Information Division]
ECPE	early childhood and preschool education
MEC	Ministry of Education and Culture
MERCOSUR	Southern Common Market
MSP	Ministry of Public Health
NGOs	Non-Governmental Organizations
PCU	Program Coordination Unit
PROPEF	Project Preparation and Execution Facility
PTI	Poverty-targeted investment
SNEPE	Sistema Nacional de Evaluación del Proceso Educativo [National Education Evaluation System]
SNNA	Secretaría Nacional de la Niñez y la Adolescencia [National Secretariat for Children and Adolescents]
TTIs	Teacher Training Institutes
UNICEF	United Nations Children's Fund



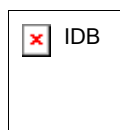
PARAGUAY

IDB LOANS

APPROVED AS OF APRIL 30, 2003

	US\$Thousand	Percent
TOTAL APPROVED	1,792,244	
DISBURSED	1,396,853	77.93 %
UNDISBURSED BALANCE	395,390	22.06 %
CANCELATIONS	91,697	5.11 %
PRINCIPAL COLLECTED	490,061	27.34 %
APPROVED BY FUND		
ORDINARY CAPITAL	1,202,120	67.07 %
FUND FOR SPECIAL OPERATIONS	578,009	32.25 %
OTHER FUNDS	12,114	0.67 %
OUTSTANDING DEBT BALANCE	906,793	
ORDINARY CAPITAL	566,382	62.45 %
FUND FOR SPECIAL OPERATIONS	340,217	37.51 %
OTHER FUNDS	194	0.02 %
APPROVED BY SECTOR		
AGRICULTURE AND FISHERY	240,688	13.42 %
INDUSTRY, TOURISM, SCIENCE AND TECHNOLOGY	66,653	3.71 %
ENERGY	323,801	18.06 %
TRANSPORTATION AND COMMUNICATIONS	444,425	24.79 %
EDUCATION	166,881	9.31 %
HEALTH AND SANITATION	220,893	12.32 %
ENVIRONMENT	8,162	0.45 %
URBAN DEVELOPMENT	77,266	4.31 %
SOCIAL INVESTMENT AND MICROENTERPRISE	113,242	6.31 %
REFORM AND PUBLIC SECTOR MODERNIZATION	119,315	6.65 %
EXPORT FINANCING	0	0.00 %
PREINVESTMENT AND OTHER	10,916	0.60 %

* Net of cancellations with monetary adjustments and export financing loan collections.



Inter-American Development Bank
Regional Operations Support Office
Operational Information Unit

Paraguay

Tentative Lending Program

2003

Project Number	Project Name	IDB US\$ Millions	Status
PR0132	Cadastral Registry	9.0	APPROVED
PR0124	Primary and Pre-School Education	23.4	
PR0137	Support to Public Financial System Reform	50.0	
PR0145	CT Loan Support to Financial System Reform	4.5	
Total - A : 4 Projects		86.9	
PR0146	Strengthening the Judiciary System	10.0	
PR0147	Paraguay Social Protection Program	50.0	
Total - B : 2 Projects		60.0	
TOTAL 2003 : 6 Projects		146.9	

2004

Project Number	Project Name	IDB US\$ Millions	Status
PR0129	Public Administration and Modernization	20.0	
PR0138	Support to Reform Social Security System	20.0	
PR0123	Paraguayan Epidemiological Shield	40.0	
PR0143	Asuncion Costal Development Program	55.0	
PR0127	Medium, Small and Microenterprise Global Credit	25.0	
PR0126	Science and Technology Program	7.0	
Total - A : 6 Projects		167.0	
PR0120	Agricultural Services Program	29.0	
PR0131	Strengthening Dept.& Municipal for Descentralization	15.0	
PR0139	Export Divers. and Investment Promotion	10.0	
PR0140	Citizens Safety Program	15.0	
PR0141	Airport's Modernization Program	20.0	
Total - B : 5 Projects		89.0	
TOTAL - 2004 : 11 Projects		256.0	
Total Private Sector 2003 - 2004		0.0	
Total Regular Program 2003 - 2004		402.9	

*** Private Sector Project**



PARAGUAY

STATUS OF LOANS IN EXECUTION

AS OF APRIL 30, 2003

(Amount in US\$ thousands)

APPROVAL PERIOD	NUMBER OF PROYECTS	AMOUNT APPROVED*	AMOUNT DISBURSED	% DISBURSED
<u>REGULAR PROGRAM</u>				
Before 1997	5	175,045	111,343	63.61 %
1997 - 1998	6	114,110	61,983	54.32 %
1999 - 2000	7	240,200	23,470	9.77 %
2001 - 2002	3	50,400	162	0.32 %
2003	1	9,000	0	0.00 %
TOTAL	22	\$588,755	\$196,958	33.45 %

* Net of cancellations. Excludes export financing loans.

PRESCHOOL AND EARLY EDUCATION IMPROVEMENT PROGRAM

(PR-0124)

EXECUTIVE SUMMARY

Borrower and guarantor:	Republic of Paraguay	
Executing agency:	Ministry of Education and Culture (MEC)	
Amount and source:	IDB: (OC)	US\$23,400,000
	Local:	US\$ 2,580,000
	Total:	US\$25,980,000
Financial terms and conditions:	Amortization period:	25 years
	Grace period:	5 years
	Disbursement period:	5 years (min. 3)
	Interest rate:	variable
	Inspection and supervision:	1%
	Credit fee:	0,75%
Objectives:	Currency:	Currency pool
	<p>The program seeks to improve comprehensive education for boys and girls under six years of age by expanding its coverage based on criteria of quality and equity, strengthening its institutional management, and promoting household and community involvement. In order to achieve this objective, the program will incorporate the gender perspective, sociolinguistic and cultural diversity, and special educational needs into its various lines of action and particular into the design of its curricular guidelines within a cross-cutting framework.</p> <p>The program's specific objectives are: (i) to achieve universal preschool educational coverage, measured by the gross enrollment rate, for five-year-old boys and girls; (ii) to improve human resources development at the early education and preschool levels; (iii) to increase the quality of care for boys and girls from zero to four years of age; (iv) to update and adjust standards and curricula for preschool and early education; and (v) to enhance the educational role played by the family and the community in the integral development of boys and girls under six years of age.</p>	

Description: Component 1: Policy-making and institution-building in the Ministry of Education and Culture (MEC) (US\$1.9 million). This component's objective is to backstop the design of policies for preschool and early education and to develop a social information and communications scheme using the system for the advancement and protection of children and adolescents as a frame of reference. This component is divided into three subcomponents: (i) a policy and institutional framework for preschool and early childhood education; (ii) an information and research system; and (iii) social communication and mobilization. Investments will primarily be channeled into the preparation of studies and research aimed at defining a new policy and curricular framework for preschool and early education as a whole; workshops and seminars for the dissemination and discussion of these new policies and standards; the development of a new information system that will include indicators geared to these levels of schooling; and the creation of a communications strategy for promoting early childhood development and the provision of universal preschool education.

Component 2: Human resources development and training (US\$2.7 million). One of the basic conditions required in order to expand high-quality coverage is to develop suitable human resources, and this component's objective is therefore to enhance the quality of teacher training at the preschool and early education levels. Two subcomponents have been designed for the attainment of this objective: (i) initial teacher training; and (ii) in-service teacher training. The main investments to be financed are the development of teacher certification programs; training for teacher trainers; training for networks of technical experts in early education, supervisors, administrators and teachers; and the organization of such events as seminars, workshops, and national and international internships.

Component 3: Improvement of preschool educational resources (US\$16.7 million). This component's objectives are to achieve universal preschool educational coverage while ensuring an equitable distribution of quality educational services. To this end, an instructional model is to be introduced in all preschool classrooms that incorporates the following quality standards: (a) certified teachers who have been trained to work with parents; (b) suitable infrastructure and materials; (c) boys and girls participating actively in learning processes that are meaningful and relevant to their own social and cultural environments; (d) cooperative learning and active methodologies; (e) teaching materials that foster independent learning; (f) a situational curriculum that takes children's learning rates into account; and (g) the involvement of parents as an integral part of the educational process. This component will be divided into

five subcomponents: (i) infrastructure and materials for preschool education; (ii) development of innovative educational approaches; (iii) provision of learning resources; (iv) reinforcement of the family-school relationship; and (v) preschool educational quality assessments. Financing will be provided for teacher-designed classroom projects, the construction of approximately 1,000 instructional facilities by the Cooperative School Associations (ACEs), classroom materials and equipment, teaching materials, training workshops involving parents, and the evaluation of the preschool model's effectiveness.

Component 4: Nonformal early childhood care (US\$1 million). This component's objective is to promote the implementation of a public policy for early childhood development¹ based on the diversification and validation of comprehensive, nonformal models for the provision of care to boys and girls under five years of age. With this aim in mind, steps will be taken to strengthen the technical capacity of the National Secretariat for Children and Adolescents (SNNA). This technical agency will be responsible for promoting a range of initiatives for improving the project services currently available for nonformal early education and/or fostering the development of new schemes for providing nonformal early childhood care. Two subcomponents will be implemented for this purpose: (i) promotion of early childhood development policies; and (ii) execution of projects focusing on nonformal models for the provision of comprehensive early childhood care, to be financed through a competitive fund.

**The Bank's
country and
sector strategy:**

The Bank's strategy for providing assistance to Paraguay emphasizes the following areas: (i) achieving a level of competitiveness that will ensure Paraguay's effective participation in the Southern Common Market (MERCOSUR); (ii) modernization of the State with a view to enhancing governance, increasing the State's efficiency in the provision of basic social services and building up its institutional capacity; (iii) promoting the development of the rural sector on the basis of an integrated multisectoral approach for achieving a sustainable form of development and for proceeding with ongoing poverty reduction efforts; and (iv) pursuing social-sector reforms aimed at furthering the development of the national population's human capital. Specific objectives for the education sector are: (i) to continue backstopping the educational reform process by helping to shift the focus of those reforms from the MEC to the schools and by making the transition from actions directed toward providing inputs to actions focusing on processes and results; (ii) to help reduce school drop-out and repeater rates; (iii) to support the decentralization of

¹ The term "early childhood" refers to the 0-6 age group.

educational responsibilities to communities (schools and cooperating organizations) and municipalities; (iv) to upgrade early childhood and preschool education; and (v) to foster participation by the private-sector, non-governmental organizations (NGOs), and community organizations in the educational process. The proposed program is consistent with all of the strategy's elements, since it will help to deepen the reform process and thereby contribute to comprehensive childhood development earlier on in the process.

**Coordination
with other
development
agencies:**

In recent years the Early Childhood Education Division (DEI) of the Ministry of Education and Culture (MEC) has been involved in coordinated ventures with other institutions (such as the International Plan, the United Nations Children's Fund (UNICEF), the Organization of American States (OAS), and the Comprehensive Assistance for Minors at Risk (AMAR) program in an effort to increase the quality of instruction. These joint initiatives have focused on training both teachers and mothers how to provide early stimulation and enhance school/community linkages; organizing working committees; building classrooms and restrooms, providing basic equipment, other facilities, and teaching materials; training monitors for the Mita-Róga² program, etc. The executing agency plans to continue coordinating these types of activities with other institutions in order to enhance the impact of program activities on preschool and early education (see paragraph 1.26).

**Environmental
and social
review:**

Some positive environmental and health impacts may be seen once physical conditions have improved in schools which need to expand the educational services they offer at the preschool level and/or carry out minor repairs based on an established maintenance plan. The project team has found that the procedures and standards set forth in the School Buildings Maintenance Manual are being applied to a reasonable degree at the present time. The program will, where appropriate and relevant, address the issues of bilingualism and ethnic diversity as they relate to the curricular reform, preparation of instructional materials, and teacher training activities (see paragraphs 4.12 and 4.13).

Benefits:

The program will contribute to the design of comprehensive reforms in preschool and early education through the implementation of policies and strategies that primarily target young children who are at

² The Mita-Róga Program provides two different options: (i) the Mita-Róga children's homes, which are intended for boys and girls from birth to two years of age and are run by a mother from the community together with an assistant; and (ii) Mita-Róga community centers, which are intended for children from three to five years of age. These children are under the care of members of the community (parents, students, volunteers) and are served on a flexible basis in terms of the frequency and timetable for their care. Teacher training institutes (TTIs) conduct internships in some of these facilities.

social and educational risk; over time, these actions will also help to reduce poverty in the country. The various activities included in the program will stimulate the development of new mechanisms for encouraging teachers, families and other members of the community to become involved in the various projects that are to be conducted, thereby helping to shape a new type of relationship between the MEC and the SNNA. This course of action is aligned with the educational reform program now being implemented in Paraguay and will therefore help to consolidate that process by contributing to an awareness of the importance of early education, lowering repeater rates in the first cycle of basic education, and heightening the internal efficiency of primary education. In so doing it will contribute to the fulfillment of the Millennium Development Goals (MDGs) and thus help to lower the education system's costs.

The program will also focus on providing a type of universal preschool education that will foster quality learning for girls and boys, will be relevant to them, and will take ethnic, linguistic, and gender diversity into consideration, together with special education needs and other cultural factors that are meaningful to them, their families, and their communities. The provision of quality education on a universal scale will facilitate these children's transition to the basic education system by helping them to develop the necessary skills and attitudes and by implementing the teaching and learning processes required to link the two levels. The active engagement of parents through the Cooperative School Associations (ACEs) will help enhance ongoing family involvement in the schools based on a joint, complementary, and coherent educational effort that will optimize these boys' and girls' growth, development, and learning processes.

From an institutional standpoint, the program will help to stimulate and consolidate participation by other public and private organizations (NGOs) in the generation, implementation, and evaluation of new nonformal channels for the provision of early education. Since the MEC does not have sufficient operational capacity to furnish this type of instruction entirely on its own, these institutions play a vital role in providing nonformal education at this level under the technical and operational supervision of the SNNA, the government agency responsible for implementing the policies designed by the System for the Protection and Promotion of the Rights of Children and Adolescents.

Risks:

The start-up of the program could be adversely affected by the arrival of new MEC authorities when the next Administration takes office in the near future. This could lead to changes in the composition of the local team that has acted as the Bank's counterpart during the project design phase. In order to mitigate this risk, the current technical team

members, with the support of the Bank, have launched a broad-based strategy aimed at informing the newly elected authorities about the program's objectives and goals and at underscoring the importance of investing in activities targeting early childhood. Nevertheless, in view of the possibility that major changes could be made in the teams responsible for the program's preparation and implementation, plans are being made for a start-up workshop and subsequent administration missions to ensure the project ownership and to monitor its execution closely.

It is estimated that in order to achieve the stated objectives of providing universal preschool education, as measured by the gross enrollment rate, an investment sufficient to add another 1,000 new instructional facilities to the available supply will be needed. The implementation capacity required of the Program Coordination Unit (PCU) in order to meet the program's annual targets is a cause of concern, since this will entail the construction of an average of approximately 300 classrooms per year in a total of 700 institutions throughout the life of the program. In order to mitigate this situation, the Construction Division will assume full responsibility for the replacement or renewal of the physical facilities of the beneficiary institutions, specialized personnel will be recruited to assist with the inspection and supervision of the work and the preparation of architectural blueprints, and ACE training activities will be reinforced.

**Special
contractual
clauses:**

The following conditions will be precedent to disbursement: (a) the Technical Coordinator of the Technical Instructional Area of the Early Education Program and his or her working team must have been engaged or designated (see paragraph 3.6); (b) the program's Operating Regulations must be in effect under the terms agreed upon with the Bank (see paragraph 3.19); (c) as part of the initial report, the annual work plan (AWP) for the first year of the program must have been submitted (see paragraph 3.19); and (d) the advisory council for the program must have been formed (see paragraph 3.3). The formalization of an agreement between the MEC and the SNNA, the co-executing agency, will be a condition precedent to disbursement of resources for Component 4 (see paragraph 3.7).

**Poverty-
targeting and
social sector
classification:**

This operation qualifies as a social equity enhancing project as described in the indicative targets mandated by the Bank's Eighth Replenishment (document AB-1704). Furthermore, this operation qualifies as a poverty-targeted investment (PTI) by virtue of its focus on upgrading early and preschool education (see paragraph 4.12).

Exceptions to Bank policy: See the procurement section, below.

Procurement: Contracts for the execution of all works having a value of US\$2 million or more, the procurement of goods for sums of US\$350,000 or more, and the engagement of consulting services at a price of over US\$200,000 must be awarded by means of international competitive bidding. Local law will prevail for contracts in amounts below these thresholds in accordance with the amounts set out in paragraph 3.20. Price will be used as the criterion in selecting consulting service providers in accordance with document GN-1679-3. In cases where selection is based on quality as well as cost, price will not be assigned a weighting of more than 20% as a selection factor. The Bank's Country Office in Paraguay will conduct an ex ante review each year of the first three contract award processes for each type of procurement; thereafter, ex post reviews may be conducted on either a semiannual or a sampling basis (see paragraph 3.20).

As an exception to the required procedure for selecting consultants by means of public tender, it is recommended that direct recruitment not involving a further competitive bidding process be authorized for the four local consultants who have been working in the PCU and who were originally engaged to support the execution of operation ATN/SF-7162-PR, for which technical-cooperation funding was furnished. This recommendation is based on the technical and institutional advantages of such a procedure as discussed in paragraph 3.21. Such contracts are in keeping with the provisions of section GS-403 of the Procurement Manual.

I. FRAME OF REFERENCE¹

A. Background

- 1.1 Of Paraguay's estimated population of 5.8 million in 2000 and 2001, 15.4% are under six years of age. This age structure is typical of a young population, in which over 40% of the country's inhabitants are under 15 years of age. The fact that 46% of the population resides in rural areas while 54% live in urban zones makes Paraguay one of the least urbanized countries in Latin America.
- 1.2 From an economic standpoint, the country has experienced a serious setback in recent years. The negative growth rates recorded for 1999 and 2000 (-0.1% and -0.7%) were the lowest for the entire decade and fell far short of what would have been needed to cover the increase in the population, which averaged 2.7%. As a result, per capita income has stagnated. Between 1995 and 2001, the poor population expanded from 30% to 34% of the total. In addition, of this 34% (1.8 million people), nearly one half (830,000 people) are living in extreme poverty. The figures are even worse in rural areas, where 41% of the population is poor and over 25% lives in extreme poverty.
- 1.3 Children and adolescents are the poorest segment of the population. According to the Integrated Household Survey (IHS 1997-1998), 42% of the population in the 0-14 age group is poor. The poverty rate among boys and girls is thus higher than the rate for the total population (32%). In other words, in a country such as Paraguay, where one third of the population is below the poverty line, children account for an increasingly larger proportion of the poor. Furthermore, 63.2% of the population in the 0-6 age group has at least one unmet basic need (UBN).
- 1.4 The poverty affecting a large percentage of children in Paraguay is exacerbated by a number of other factors that heighten these children's vulnerability and risk status. Many children (i) come from single-parent homes; (ii) have teenage mothers; (iii) come from households in which the mother and/or the father have a low level of education; (iv) are victims of mistreatment or sexual abuse; (v) do not have access to early education because services available to children under five who are poor are insufficient; and (vi) live on the streets, are laborers, or find themselves in similar situations.

B. Early childhood: Main problems

- 1.5 The main problems affecting persons during early childhood are closely interrelated and have many different causes. These problems can be classified on the basis of family, sociocultural, socioeconomic, and public policy dimensions. Family

¹ The main source of information for this chapter is the study entitled "Diagnóstico de la Situación Inicial y Preescolar", which was prepared by Lila Molinier (Asunción, September 2002) within the framework of technical cooperation operation No. ATN/SF-7162-PR (Upgrading early and preschool education).

structure in the country exhibits a strong trend toward an increase in the proportion of households headed by women (35% in urban areas) in which no father figure is present. In poor households and in households headed by persons who have little schooling (58% of the households are headed by persons who have not gone past the primary school level) or in which the mother is the main source of support, boys and girls are at greater risk of receiving insufficient affective support and early stimulation. An analysis of the sociocultural dimension indicates that authoritarianism in the home permeates child-rearing practices, as do gender inequities. At the public policy level, the civil registry offices' coverage is insufficient, information about the rights of the child is not widely disseminated, and the coverage of basic utilities and social services (water, basic sanitation, primary and reproductive health care, initial and preschool education) is insufficient. Many boys and girls (22%) have not been recognized by their parents and/or their births have not been recorded in the Civil Registry Office. This violates their fundamental right to identity, which is also a precondition for the exercise of other rights, such as the right to citizenship, education, health care and food. In addition, the large percentage of children under five years of age who suffer from malnutrition or who are at risk of malnutrition (25% nationwide) has serious implications not only for the health of these children, but also in terms of their physical and intellectual status and capacity, owing to the irreversible damage caused by malnutrition in the absence of early intervention. This situation is even more serious among the poorest segments of the population, where the figure rises to 34%.

C. Status of early and preschool education

- 1.6 The General Education Act (1998) provides for the division of early education into two cycles: one covering children from birth to age three, and the other for four-year-olds (nursery school and prekindergarten). This legislation also stipulates that preschool education, for five-year-old boys and girls, shall form a structural part of the basic education system and, as such, will be included in the period defined for compulsory school attendance (see Table I-1) once Congress approves the corresponding items of the General Budget. This ambivalent situation points up the need to heighten legislators' awareness of the importance of investing in this level of education.
- 1.7 In 1994 the country embarked upon an educational reform process. At the early and preschool levels, this program called for modifications in curricular guidelines and changed the entry ages for preschool and basic education to five and six years, respectively. This modification influenced school enrollment trends, especially at the preschool level (Net coverage: 1994: 37.6%; 2000: 62%).

Table I-1
Organization of the educational system
(Early childhood, preschool and basic education)

14 13 12	Basic education	Third cycle	Community educational centers
11 10 9		Second cycle	
8 7 6		First cycle	
5		Kindergarten	
4	Early childhood education	Prekindergarten	Community homes
3 2 1 0		Nursery school	
AGE	Formal education ²		Nonformal education ³
	Public, private, privately subsidized and community services		

- 1.8 The Ministry of Education and Culture (MEC) has two early education programs: a formal program consisting of nursery school facilities, prekindergarten and kindergarten instruction; and a nonformal system (the Mita-Róga Program). The latter is supported by the United Nations Children's Fund (UNICEF) but has a low coverage rate (1,965 boys and girls as of 2000). The formal program's coverage for the year 2000 was as follows: (i) 1.5% of boys and girls from birth to two years of age, most of whom were served by the private sector and by privately subsidized services in urban areas; (ii) 11.1% of boys and girls between the ages of three and four, who were served primarily by the private sector, by privately subsidized services and, to a lesser extent, by the public sector; (iii) net coverage of 62% for boys and girls of five years of age, with a large percentage being accounted for by the public sector (78%); and (iv) relative gender equity (49.5% of the served population were girls).

² In Paraguay, the term "formal education" is understood to refer to a process involving different grades and cycles which takes place within a school setting.

³ Nonformal education is understood as being a flexible process in terms of scheduling and duration (months, weeks, days, daily schedules), location, and teachers or caregivers (mothers, neighbors, etc). Both terms are currently under review.

- 1.9 As of the year 2000, there were 3,543 educational institutions in the country that provided preschool instruction to five-year-olds, with 114,500 children enrolled in some 5,000 sections. As noted earlier, this increased supply of educational services constitutes a substantial improvement over the system's former capacity to accommodate children of this age group. In 1994, one out of every three children attended preschool; six years later, two out of every three children did so (an 80% gross enrollment rate; 62% net rate). This expansion in coverage was not, however, accompanied by suitable planning in order to ensure adherence to commensurate quality standards. At present there are sections in urban areas where the number of students is far above average. In many cases, these children are studying in unsuitable facilities, such as hallways, school lunchrooms, health stations, or outdoors and have little or no educational materials or furnishings. In addition, because of certain cultural mores, many families doubt the usefulness of preschools and believe that the home should be the sole educational environment during early childhood.
- 1.10 The number of teaching and non-teaching positions at these levels has risen sharply, with a 40% increase in the job creation rate for these occupations being recorded in 2000. Only 27% of these posts are for certified teachers at the early childhood educational level, 32% are for teachers with certification for the basic education system, and 23% are for persons who have completed secondary school or other studies. According to MEC statistics, only one public-sector institution offered teacher training for all levels, including early education. Another 10 wholly private or government-subsidized privately-run teacher training institutes offered courses of study for the early education level, in addition to the Catholic University and its various regional campuses.
- 1.11 At the intersectoral level, the Social Welfare Institute of the Ministry of Public Health (MSP) runs the Children and Family Welfare Center (CEBINFA). This center offers comprehensive care for sons and daughters (ages 0-5) of working parents under the supervision of a social worker and/or early education teacher (in the formal track) or mothers who provide an educational environment (in the nonformal track). In addition, in 2001 the new Childhood and Adolescence Legal Code entered into force. The system for the advancement and protection of children and adolescents was created as part of this legislation, and the National Secretariat for Children and Adolescents (SNNA) was founded in order to administer this system. One of the duties of the SNNA, which has ministerial rank and reports directly to the Office of the President, is to establish a comprehensive policy for the advancement of children and adolescents.
- 1.12 During the past two years, the MEC has had the benefit of a technical cooperation operation designed to upgrade early and preschool education (ATN/SF-7162-PR). The main outputs of this initiative have been: (i) the preparation of a National Preschool and Early Education Plan which has been agreed upon by various sectors of society and which defines a medium- and long-term development strategy and

set of priorities for this level of instruction; (ii) the formation and development of a network of preschool and early education specialists at the central and district levels which should be capable of implementing and maintaining policies and lines of action to be applied throughout the country; and (iii) the establishment of a solid body of knowledge for the sector (research and studies) which has served as a basis for the analysis and preparation of a proposal for the development of preschool and early education.

D. Main problems and challenges

- 1.13 **Insufficient coverage and inequitable access:**⁴ The main problem in the field of preschool and early education is the volume of demand, which is, moreover, constantly on the rise; this is particularly the case at the preschool level (the deficit currently stands at 40%). The results of the Integrated Household Survey (IHS 2000/2001) indicate that this deficit is particularly serious in marginal urban zones and rural areas. The problem is more severe among lower-income households, for which non-attendance at the preschool level is more than three times as high as it is among higher-income groups (34% versus 10%, approximately). High priority should therefore be assigned to a determined investment effort to provide universal preschool educational coverage within the next five years while organizing the supply of educational services on the basis of equity and quality, with emphasis on marginal urban zones and rural areas.
- 1.14 **Lack of suitable human resources and low-quality teacher training programs.** Early and preschool education is, for the most part, provided by personnel who do not hold degrees in that specialization. What is more, few teacher training institutes (TTIs) offer this curriculum owing to a general lack of interest in specializing in early education. This lack of interest is attributable to the limited scope of the professional diploma in early education, since it does not qualify degree-holders to work in the basic education system. The entry profile for candidates for this degree is generally associated with the “easiest” option or with candidates who have not been admitted to other disciplines, rather than those who feel they have a vocation to serve young children and the teaching profession. In addition, training programs lack a consistent policy approach and specific curricula (definition of skills suited to the preschool and early education levels) and teaching practices (including evaluation systems) are equated with those used at the basic education level. The consensus view is that any investment to be made in early education will presuppose a reform of TTIs in order to provide quality education at this level.

⁴ In fact, 33.8% of five-year-olds from households in the bottom income quintile do not attend preschool. The corresponding figures for five-year-olds in the fourth and fifth quintiles (the higher-income households) are 11.4% y 8.8%, respectively. Even the attendance rates for the higher-income sectors are fairly low, however.

- 1.15 **Unsuitable and irrelevant curricula and teaching methodologies, especially at the preschool level.** In addition to the insufficient supply of qualified teachers for this level of education, the poor quality of instruction is also associated with the fact that the curricula are oriented entirely toward the preschool level, with no distinction being made among the various stages involved (nursery school, prekindergarten and kindergarten levels) or among different sociocultural (regional, ethnic) contexts. Transitional linkages between preschool and first grade are also lacking, and teaching practices, especially in the areas of language arts (pre-reading and pre- writing) and mathematics, are inappropriate. This situation is all the more serious in the poorer schools, where infrastructure, special-purpose equipment, and learning resources are in very short supply. Regular, comprehensive health-care and psychological support services are also lacking. This deficit is present in both urban and rural areas but is relatively larger in the latter.
- 1.16 **Poor coordination between sectors and between public and private agencies concerned with early childhood development.** As is also the case in other countries of the region, Paraguay has lacked an institutional structure for the guidance and supervision of a policy for ensuring the rights of boys and girls. At the sectoral level, the nonformal early education programs developed by the MEC and the MSP have not been coordinated with each other or with the efforts of nongovernmental organizations (NGOs) working in this sector. With the recent passage of the new Childhood and Adolescence Legal Code (2001), a National Secretariat for Children and Adolescents has been created. This agency is to assume responsibility for intersectoral and multidisciplinary coordination for early childhood issues and for the formulation of policies in this area. The Secretariat is now in the process of securing the approval of various sectors of Paraguayan society for a comprehensive plan for children and adolescents. This plan is to include an overall public policy framework for the sector and a proposal setting forth specific lines of action for safeguarding the rights of children and adolescents. Support will also need to be provided for the operation and consolidation of the National Coordinating Office for Early Childhood Development Programs (CONADIPI), which is composed of representatives of the public and private sectors, NGOs and international cooperation agencies.
- 1.17 **Insufficient coverage and quality of nonformal early education services.** Although the coverage of early education services has increased considerably during the past decade (1990: 8.9%; 2000: 22.6%), enrollment is still low, particularly in rural areas. UNICEF evaluations⁵ of the Mita-Róga community homes report that they do not have sufficient infrastructure, the mothers/caregivers lack ongoing support and in-service training, insufficient support is given for motor and cognitive development, teaching materials are not available, little support is provided by the community and families, no ongoing monitoring and evaluation

⁵ O. Serafini, M. Serafini and R. Irala, 2000, "Evaluación de los hogares comunitarios", UNICEF-Paraguay.

system is in place, care is focused more on childcare than on child development, etc. In fact, the MEC has acknowledged that it lacks the institutional and technical capacity to deal with these kinds of initiatives, much less to support an expansion of coverage. Under the new institutional structure that is being created, the SNNA will be the technical and operational agency responsible for coordinating, promoting, and enhancing these types of nonformal initiatives. To be successful, management support will be required.

E. Achievements and lessons learned from previous operations

- 1.18 Since 1992 the Bank has taken part in financing 14 loan operations for a total of US\$325 million and 22 technical-cooperation operations for a total of US\$90 million. These resources have been used to work with the member countries in developing investments and providing technical services, including services in the field of early education, to meet the needs of at-risk children and adolescents. Every one of these experiences has allowed the executing agencies and the Bank to pool knowledge that has subsequently enabled them to provide feedback for new projects and to implement them more efficiently. Approved operations include projects CR-0044, GU-0131 and GU-0037, ME-0238, and NI-0153.
- 1.19 The main lessons learned by the Bank from its experiences are: (i) it is of vital importance for the public and private institutions working to promote comprehensive early childhood development to have a consistent, coordinated policy; (ii) channels for community and family participation should be promoted in order to ensure that the response of the MEC and of other institutions address priority needs while ensuring the provision of quality services and targeting the groups that are at the greatest risk; (iii) interventions should be integrated and preventive in nature and should be closely linked to the family; (iv) what the children have learned within their own sociocultural environment should be respected, both in relation to linguistic aspects and in terms of previously acquired knowledge; (v) intensive refresher and advanced professional development programs need to be created that will not only teach the kinds of skills involved in stimulating child development and learning, but will also develop skills for working with parents and the community in diverse socioeconomic and cultural environments; and (vi) the necessary infrastructure and equipment are necessary conditions for the implementation of a policy to expand preschool coverage.

F. The Bank's strategy for the sector and experience in the country

- 1.20 The Bank's strategy for the country emphasizes the following areas of work: (i) the attainment of sufficient competitiveness to ensure Paraguay's effective participation in MERCOSUR; (ii) modernization of the State in order to strengthen governance, increase the efficiency of basic social service delivery, and build up its institutional capacity; (iii) rural development based on an integrated, multisectoral approach for the achievement of a sustainable development process in the rural sector, in

conjunction with an ongoing effort to reduce poverty; and (iv) social reform aimed at contributing to the development of human capital within the national population. Specific objectives for the education sector are: (i) to continue supporting the educational reform process by helping to shift its focus from the MEC to the schools while also making the transition from input-producing actions to actions focusing on processes and results; (ii) to help reduce school drop-out and repeater rates; (iii) to support the decentralization of educational responsibilities to communities (schools and cooperating organizations) and to the municipalities; (iv) to upgrade early and preschool education; and (v) to foster participation by the private sector, non-governmental organizations (NGOs), and community organizations in the educational process. The proposed program is consistent with all of the strategy's elements, since it will help to deepen the reform process and thereby contribute to comprehensive childhood development earlier on in the process.

- 1.21 The Bank's efforts to support educational reform in Paraguay began in 1994 with the Primary Education Improvement Program (770/OC-PR and 908/SF-PR). The outcomes of this program, which has since been completed, include: (i) modification of the curriculum for the basic education system; (ii) provision of inputs that have improved school operating conditions (textbooks, libraries, improved infrastructure, teacher training); (iii) strengthening of the MEC (better statistical data, periodic measurement of scholastic achievement through the National Education Evaluation System (SNEPE), office equipment); and (iv) increased internal efficiency in primary education. In order to carry this process forward, the Bank is currently financing the Program to Strengthen Reforms in the Basic Education System ("Living School Program" 1254/OC-PR), whose primary focus is on reinforcing the schools and promoting the involvement of the school community in an instructional project designed to improve knowledge acquisition by all students (22% disbursed). The sector has also been the beneficiary of two technical-cooperation operations designed to strengthen bilingual education (ATN/SF-6053-PR) and early and preschool education (ATN/SF-7162-PR). These operations' outputs have had a strong impact on policymaking, teacher training, and the production of teaching materials. All of these operations have been executed by a technical team whose composition has remained largely the same. This team has succeeded in achieving its objectives and, in so doing, consolidating the educational reform process.

G. Conceptual design of the operation

- 1.22 The information that has been presented is of importance for the implementation of policies not only at the preschool and early education levels but also for the

educational system as a whole, especially since recent research⁶ in the region has shown that the early years of life have a crucial impact on the development of intelligence, personality, and social behavior. During their preschool educational experience, boys and girls develop a series of tools, such as the ability to act with greater autonomy, the handling of logical/mathematical concepts, a greater understanding of themselves and their natural environment, the development of creativity and the ability to express themselves, and a significant increase in sociability. It has been demonstrated that children who attend preschool do better in elementary school and that their parents have greater expectations that they will eventually enroll in institutions of higher education.

- 1.23 The baseline analysis indicates that preschool and early education does not yet figure as an important item on Paraguay's national agenda, and steps therefore need to be taken to sensitize society to its significance as a fundamental policy measure for reducing inequality in educational opportunities and helping to block the intergenerational transmission of poverty. This situation is reflected in an insufficient, segmented supply of low-quality educational services, low-skilled human resources, out-of-date curricula, and unsatisfactory teaching materials. These conditions, in turn, signal the presence of a welfare-based approach to childcare that fails to focus on the development of children's cognitive and psycho-social capabilities and skills. There is a large deficit in educational coverage at the preschool level, which is part of the compulsory basic education system. In addition, various nonformal models of comprehensive care for children between the ages of 0 and 4 are beginning to be developed, but assessments of the existing institutionalized models point to serious problems in terms of sustainability, quality, and relevance. A policy and institutional framework therefore needs to be created for the sector so that this issue can be placed on the national development agenda, priorities can be set for the necessary resources, and programs and lines of action in this sector can be properly regulated.
- 1.24 The program is intended to support the development and implementation of a national policy on preschool and early education and the creation of an institutional and policy framework for the sector based on the outputs and studies generated by the technical-cooperation operation (ATN/SF-7162-PR). The existing curricular framework will be redesigned, and the necessary support measures for its implementation will be funded. Priority will be placed on providing universal coverage for the compulsory preschool education system for five-year-olds while ensuring the quality and equity of instruction and establishing criteria to help structure the expansion of educational services. The program will also backstop the

⁶ X. Seguel. T. Izquierdo, "Evaluación de impacto de la educación parvularia sobre los niños" CEDEP, Stgo. Chile. 1997; World Bank. 2001. "Brazil, Early Child Development: A Focus on the Impact of Preschools". Washington, D.C.: World Bank, Human Development Network. This study shows that, over time, programs focusing on early child development increase attendance and completion of primary school by one third, reduce the repeater rate, and lower drop-out rates.

most promising initiatives and experiences in the provision of comprehensive care for children aged 0-4, with emphasis on community models that involve family participation. These models will be given priority in the neediest areas of the country, and support will be provided for the institutionalization of comprehensive care for children under five years of age.

H. Program's relationship to the Millennium Development Goals

- 1.25 The educational reform process being implemented in the country since the early 1990s provides grounds for concluding that the Millennium Development Goals (MDGs) for the sector, which call for the achievement of universal coverage in the primary education system, will be achieved. The proposed program is a well-timed input for guaranteeing fulfillment of this commitment, since it is aimed at providing universal coverage (measured by the gross enrollment rate) for preschool education as a means of ensuring that five-year-olds will enter school on time. Timely entry may bring about a reduction in drop-out and repeater rates in the first cycle of the basic education system, which would lead to an increase in the internal efficiency rate of the primary education system.

I. Linkages with other grant agencies

- 1.26 In recent years the Early Childhood Education Division (DEI) of the Ministry of Education and Culture (MEC) has been involved in coordinated ventures with other institutions (such as the International Plan, the United Nations Children's Fund (UNICEF), the Organization of American States (OAS), and the Comprehensive Assistance for Minors at Risk (AMAR) program in an effort to increase the quality of instruction. These joint initiatives have focused on training teachers and mothers how to provide early stimulation and enhance school/community linkages; organizing working committees; building classrooms and restroom facilities; providing basic equipment, other facilities and instructional aids; training monitors for the Mita-Róga program; etc. The executing agency plans to continue coordinating these types of complementary activities in order to enhance the program's impact. The World Bank, for its part, is not involved in any operation in the field of early childhood.

II. THE PROGRAM

A. Objectives

- 2.1 The proposed program will seek to improve comprehensive education for boys and girls under six years of age by expanding its coverage based on criteria of quality and equity, strengthening its institutional management, and promoting household and community involvement. In working to achieve this objective, the Program will incorporate the gender perspective, sociolinguistic and cultural diversity, and special educational needs into its various lines of action and particularly into the design of its curricular guidelines within a cross-cutting framework.
- 2.2 The program's specific objectives are: (i) to achieve universal preschool educational coverage, measured by the gross enrollment rate, for five-year-old boys and girls; (ii) to improve human resources development at the preschool and early education levels; (iii) to increase the quality of care for boys and girls from zero to four years of age; (iv) to update and adjust standards and curricula for preschool and early education; and (v) to promote the comprehensive development of boys and girls in their early years of life by enhancing the educational role played by the family and the community.

B. Strategy for expanding the program

- 2.3 The strategy for expanding the program is based on guidelines for orienting and prioritizing resource allocation for universal preschool education in line with the program's objectives. These guidelines have made it possible to allocate resources by department and by educational unit as a basis for prioritizing the schools to be served by the program and rationalizing infrastructure investments. The aim here is to maximize the project's impact in terms of coverage and quality through the use of criteria of equity and affirmative action in order to focus on the schools that are at the greatest educational risk and on the poorest districts.
- 2.4 Based on the work done to determine the scale of infrastructure required to provide universal preschool education (see paragraph 2.20), it is estimated that approximately 1,000 additional instructional facilities (defined as a classroom, bathroom and schoolyard) will be needed and that another 500 of the existing units will need to be upgraded. The departmental distribution of these units was established on the basis of a four-variable weighted index to rank the nation's departments in terms of their priority in the expansion of preschool education. The variables included in this index are: (a) **deficit in preschool coverage** (measured by the difference between the size of the population of five-year-olds and estimated preschool enrollment for a given year); (b) **deficit in quality of care** (measured by the number of boys and girls in preschool classrooms that exceed the expected average number of children/classroom, which is 25 for urban areas and 20 for rural

- zones); (c) **educational risk** (measured by the first-grade repeater rate); and (d) **socioeconomic departmental status** (measured by the number of people living below the poverty line in each department). The use of this index provided a basis for establishing the order of priority for the different departments and for the departmental distribution of infrastructure funding, as set forth in the Operating Regulations.
- 2.5 An investment prioritization and microplanning methodology was devised on a school-by-school basis. This methodology is applied to a prioritized list of schools, broken down by department, using a four-variable index for each school. The four variables used in the index are: (i) enrollment; (ii) deficit in quality of care (crowding), measured by the number of students in excess of the upper limit of 35 students per section; (iii) first-grade repeater rate; and (iv) poverty rate for the district in which the school is located. This list has been checked and adjusted by means of a participatory microplanning process within each department involving the departmental boards of education and coordinators. This process has made it possible to refine the prioritization of the schools by taking into consideration their communities and the personnel responsible for school administration at the decentralized level, as well as to determine, with the help of the program's infrastructure team, the most suitable infrastructural solutions in each case.
- 2.6 The strategy for expanding and prioritizing investments in universal preschool coverage provides for the rationalization and more efficient use of resources, particularly in terms of infrastructure and teaching staff. To this end, criteria have been defined to permit the concentration of investments in departments and instructional facilities where the demand is the greatest, and minimum students/section parameters have been established for the creation of new sections. The corresponding criteria have been used to set efficiency targets calling for an increase in the average number of students per section from 20 to 25 nationwide (from 17 to 21 students in rural areas and from 24 to 30 in urban areas) over the five years covered by the program. The program will provide for two lines of action in this respect: a universal approach that will benefit all schools providing preschool instruction, and a more comprehensive effort focusing on the 1,150 schools that are to receive investments in infrastructure and equipment.
- 2.7 The rationalization of infrastructure investments and a higher average number of students per section will also be reflected in more efficient teacher assignments, which will make a significant contribution to the rationalization of incremental current expenditure and thus to the program's sustainability. The provision of universal coverage (measured by the gross enrollment rate) will entail expanding service to include another 45,000 children. This, in turn, will require the recruitment of another 1,675 instructors over the next five years. The resulting increase in the wage bill will range from US\$200,000 in the first year of the program to US\$600,000 in its final year; this represents just 5% of total expenditure on wages at the preschool level and a 1% increase in the wage bill for the elementary

education segment. The efficiency gains in terms of teaching staff usage amount to between 15% and 20%, which means that a 20% expansion in coverage can be attained with an increase of less than 5% in the number of teachers.

C. Structure and description

- 2.8 The program will include four components: (i) Component 1: Policy-making and institution-building in the Ministry of Education and Culture (MEC); (ii) Component 2: Human resources development and training; (iii) Component 3: Improvement of preschool educational resources; and (iv) Component 4: Nonformal early childhood care. Table II-1 provides an overview of the main investment items, broken down by component, together with the types of outputs and outcome indicators that will be used to evaluate the program. As part of the preparations for this operation, the logical framework set forth in Annex II-I has been worked out with the MEC.

Table II-1
Main Program Investments and Outcomes

Components and investments	Outcome indicators
1. Policy-making and institution-building in the MEC. <ul style="list-style-type: none"> Studies and research for the definition of the curriculum and its policy framework. Information and communications system. Seminars and workshops. 	<ul style="list-style-type: none"> An approved curricular framework for early and preschool education. New programs for the prekindergarten and kindergarten levels. An up-to-date MEC information system on early childhood education. Application of a fully formulated communication strategy and plan of action.
2. Human resources development. <ul style="list-style-type: none"> Teacher certification program. Training for teacher trainers. Training of networks of technical experts, administrative personnel, and teachers. Seminars, workshops, studies. 	<ul style="list-style-type: none"> Increase in the percentage of teachers holding degrees in early education (from 27% to 70%). TTIs applying the new curriculum for the training of early education and preschool teachers. Teachers applying the new early education curricular framework in their classrooms. 16 TTIs with learning resource centers.
3. Improvement of preschool educational resources. <ul style="list-style-type: none"> Infrastructure and equipment. Learning resources. Fund for innovative classroom projects. Innovative teaching approaches exhibition. Training for parents. Preschool quality assessments. 	<ul style="list-style-type: none"> Gross preschool enrollment rate of 100% for five-year-olds. Improvement in educational attainment (repeater rates, overage, learning) for first-graders in the basic education system. 1,000 new preschool instructional facilities (classroom, restroom and schoolyard). 1,500 classroom projects under implementation. 100% preschools with classroom libraries.
4. Nonformal early childhood care. <ul style="list-style-type: none"> Fund for nonformal early education projects (children under four years of age). Training for NGOs and community leaders. 	<ul style="list-style-type: none"> Comprehensive nonformal models for providing care to children under five years of age which have been approved and integrated into public policies in the field of early childhood. 60 projects underway that provide nonformal comprehensive care.

1. Component 1: Policymaking and institution-building in the MEC (US\$1.9 million)

- 2.9 This component's objective is to backstop policymaking for early and preschool education and to help the MEC develop an information and social communication scheme within the framework of the system for the advancement and protection of children and adolescents. This component will be divided into three subcomponents: (i) a policy/institutional framework for early and preschool education; (ii) an information and research system; and (iii) communication and social mobilization.

a. Policy/institutional framework for preschool and early education (US\$700,000)

- 2.10 This subcomponent's objective is to define the policy/institutional framework for preschool and early education in greater detail and to modify the applicable regulations accordingly. To this end, financing will be provided for national consultancy services for the preparation of comparative policy studies on different countries of the region and for seminars and workshops oriented toward arriving at the necessary agreements to develop a new regulatory scheme for the sector and to update early education policies and, perhaps in the longer term, amend the existing Education Act. An effort will also be made to devise an open curricular framework that will provide basic guidelines for all relevant areas and that will afford the necessary flexibility to permit its use in widely varying models, in differing sociocultural environments and in response to the diverse characteristics, needs and interests of children and their families. Financing is to be provided for international and national consultancies to assist with the design of the curricular framework and the development of curricular guidelines for the nursery school and prekindergarten levels and for updating the preschool program. These curricular guidelines will be validated by specialists from the TTIs and universities and classroom teachers by means of a pilot experience that will subsequently be disseminated throughout the educational system. Also, given the country's cultural diversity, kindergarten and preschool programs will be adapted to the needs and conditions of indigenous communities. As a supplementary measure, a system for monitoring implementation of the curriculum in preschool classrooms will be developed in order to provide feedback for curricular development, the continued improvement of teaching practices, and the use of educational materials.
- 2.11 Financing will be provided to cover the cost of printing the regulations governing the new curriculum, once they have been validated, and of distributing them to all schools and establishments linked to preschool and early education as well as to seminars and workshops so that the new regulatory framework governing the reform in question can be widely disseminated. In order to strengthen the technical and operational capacity of the Early Childhood Education Division (DEI), its new duties within the MEC will be redefined in accordance with the recently adjusted

policy and curricular guidelines, its technical staff will receive training, and operating conditions will be upgraded (procurement of furnishings and hardware). Along these same lines, financing will be provided for a systematic in-service training program in order to provide ongoing support for the 106 professionals who belong to the network of early childhood and preschool education (ECPE) specialists. The funds for financing all of these activities will be drawn on the Project Preparation and Execution Facility (PROPEF).

b. Information and research system (US\$300,000)

- 2.12 The second subcomponent will finance the development of a new information retrieval system for preschool education. This system will include data compilation tools and mechanisms for the construction of indicators, as well as training for the decentralized MEC agencies responsible for administering departmental information systems. Specific items to be financed include: (i) consultancy services for the definition of a new policy framework for gathering information from education centers offering early and preschool education, together with the corresponding tools for compiling information, adjusting the data and checking the validity of these instruments and the subsequent provision of training for technical experts at the departmental level and for directors of educational centers; (ii) procurement of 35 hardware units and statistical software licenses, maintenance of networks and anti-virus programs for the Planning, Statistics and Information Division (DPEI) and for the Departmental Statistical Units (UDEs) of the MEC; (iii) training workshops focusing on the construction, use, and analysis of ECPE indicators, the management of geo-referenced software, and participation in international seminars on the construction of educational indicators; (iv) the organization of microplanning workshops at the departmental level; and (v) the design and development of a plan for research and monitoring of the use made of ECPE information and the corresponding publications. The activities described in points (i), (ii), (iii), and (iv) will be financed from the PROPEF.
- 2.13 In addition, a framework agreement has been entered into between the MEC and the Statistics, Survey and Census Bureau (DGEEC) on the design of an ECPE module and its incorporation into the 2003-2004 and 2006-2007 DGEEC household survey questionnaires. This information will provide baseline data for the program. Financing will also be provided for the design and subsequent distribution of an annual bulletin of ECPE statistics which will include estimates on enrollment and attendance.

c. Communication and social mobilization (US\$800,000)

- 2.14 The third subcomponent will be devoted to developing a communication and social mobilization strategy which can then be applied for the duration of the program. This strategy will be aimed at creating an awareness of children's rights and at promoting and publicizing those rights. To this end, financing will be provided for:

(i) the engagement of a specialized agency to measure how children's issues are perceived in Paraguayan society at the beginning and the end of the program; (ii) a sensitization campaign designed to promote early childhood development and to disseminate information on program activities; (iii) the production of radio programs for local communities (families) designed to promote early childhood issues; (iv) specialized publications aimed at improving the coverage and quality of preschool education, some of which will be financed out of PROPEF resources; and (v) a "children's world" exhibition. The existing communications team of the Living School Program will also be reinforced through the recruitment of social communicators to work on the execution of these activities.

2. Component 2: Human resources development and training (US\$2.7 million)

- 2.15 One of the basic steps involved in increasing quality educational coverage is to provide suitable human resources training at the preschool and early education levels. This component's objective is therefore to raise the quality of initial and in-service training for teachers at the preschool and early education levels. Two subcomponents have been defined for this purpose: (i) initial teacher training; and (ii) in-service teacher training.

a. Early education teacher training (US\$900,000)

- 2.16 This subcomponent will finance the recruitment of consultants to assist with the reformulation of the curricular grid for the teacher training currently provided by TTIs at this level. The final proposal to be developed in this area will be analyzed with a view to achieving a consensus among the TTIs operating in the country. Financing will also be provided for the preparation and publication of educational materials designed to disseminate the new curricular proposal and for an international seminar on trainer training. As a concurrent course of action, financing will also be provided for a training program to be organized along the following thematic lines: (i) training for trainers currently working in TTIs to prepare them to provide, with assistance from specialized international centers or universities, instruction to teachers specializing in preschool and early education; (ii) training for teachers working in TTI practice schools; and (iii) a certification program for approximately 900 uncertified instructors (persons holding a secondary school diploma). Financing will, in addition, be provided for a learning resources center in all the public TTIs that offer degrees in preschool and early education. These centers will provide written materials and access to new information technologies.

b. In-service teacher training (US\$1.8 million)

- 2.17 The second subcomponent will provide financing for an in-service training program for administrators, preschool teachers, the technical experts forming part of the national network, and other professionals whose work concerns this level of

instruction. The main subject areas to be covered by this program will be language arts, mathematics, science and, as a cross-cutting issue, linkages with first grade and the family. Financing will also be provided for workshops to introduce the new curriculum for all preschool teachers and other individuals involved in education at this level, the development of an in-service training strategy for application in the 1,150 schools where full program implementation is planned, workshops for all preschool teachers for developing skills that would encourage participation by the family, training workshops for 100 leading educators and 106 network specialists, the production and distribution of training materials, and international internships.

3. Component 3: Upgrading of preschool educational resources (US\$16.7 million)

- 2.18 This component's objectives are to provide universal coverage for preschool education while ensuring the equitable distribution and quality of those educational services. In order to achieve these aims, an educational model is to be introduced in all classrooms in which preschool instruction is provided to five-year-old boys and girls. This model will consist of the following quality standards: (a) certified teachers who have been trained to work with parents; (b) suitable infrastructure and equipment; (c) boys and girls participating actively in learning processes that are meaningful and relevant to their own social and cultural environments; (d) cooperative learning and active methodologies; (e) teaching materials that foster independent learning; (f) a situational curriculum that takes children's learning rates into account; and (g) the involvement of parents as an integral part of the educational process. This component will be divided into five subcomponents: (i) infrastructure and materials for preschool education; (ii) development of innovative educational approaches; (iii) provision of resources to promote learning; (iv) family and community participation; and (v) assessments.

a. Preschool infrastructure and equipment (US\$11.7 million)

- 2.19 The purpose of this part of the program is to provide the infrastructure and equipment required to provide universal preschool coverage, measured by the gross enrollment rate, after having rationalized and optimized the existing installed physical capacity. In addition to serving the unmet demand for preschool education, achieving this objective will entail taking steps to raise the currently low quality of preschool instruction in institutions that fail to meet minimum standards in terms of infrastructure and equipment. Investments in this area will place priority on the poorest rural and urban areas where the level of educational risk is the greatest.
- 2.20 It has been estimated that achieving the goal of providing universal access to preschool education by 2008 will require the construction of approximately 1,000 additional instructional facilities (defined as a classroom, bathroom and schoolyard) in order to accommodate another 45,000 children, plus the upgrading of another 500 of the existing units. This presupposes a prior effort to pinpoint the

locations where the demand exists and to rationalize the use of existing infrastructure. The cost of this expansion will be approximately US\$12 million over a period of five years. The types of tasks that could be financed are: (a) construction of classrooms and/or restrooms; (b) expansion, replacement, refurbishing, standardization, improvement, and/or repair of classrooms and/or restrooms; (c) the repair of existing preschool facilities; (d) the creation of play areas; and (e) the provision of school equipment and furnishings.

- 2.21 The main activities to be financed are: (i) a study—to be conducted using a microplanning methodology that calls for the participation of departmental and local stakeholders—to serve as a basis for the selection of schools for the program; (ii) the formulation of an investment plan based on a prior survey of each of the selected institutions to determine what types of initiatives are called for and to gather the on-site information required to design specific projects for each school; and (iii) completion of the construction and repair work, preferably through the corresponding Cooperative School Association (ACE), and the procurement of furnishings by the PCU. In order to ensure that quality standards are met, consultants will be hired to provide technical assistance and to inspect the construction and repair work. Reinforcement will also be provided for the technical team of the Living School Program which is responsible for infrastructure and which will be in charge of the execution of both programs. The activities referred to in points (i) and (ii) will be financed out of PROPEF resources.

**b. Development of innovative educational approaches
(US\$1.7 million)**

- 2.22 Once the curricular guidelines have been defined, a course of action for financing educational innovations in the classroom will be established. The main thrust of this effort will be the formation of linkages between the preschool level and the first cycle of the basic education system, with emphasis on the development of linguistic skills and socio-affective capacities. These innovations will be applied over the space of one year, and a project methodology will be used for their presentation. A total of US\$300 in funding will be provided for each project. This sum will be transferred directly to each school under the terms of a management agreement similar to the legal mechanism used for the same purpose by the Living School Program. Financing will also be provided for exhibitions of innovative teaching approaches. These exhibitions, which have been a resounding success in the Living School Program, will provide an opportunity for teachers to meet with one another and share information about innovative techniques. In addition, classroom internships will be offered so that educators can have hands-on experience with innovative approaches to comprehensive early childhood development and the transition from preschool to first cycle of elementary school.

c. Provision of learning resources (US\$400,000)

- 2.23 The third subcomponent will focus on developing an active curriculum based on research findings about how boys and girls learn and on reinforcing teachers' best practices through the use of an educational toolkit for the creation of a learning environment conducive to play, curiosity, interaction, movement, the inculcation of concepts, and creativity. Accordingly, a toolkit consisting of a basic package of 12 different teaching materials (wood blocks, puppets, costumes, soccer balls, ropes, etc.) and 20 storybooks will be funded for all schools that offer preschool education. An additional set will be provided to each of the 1,150 schools where full program implementation is planned. These resources will be acquired and distributed after the new curricular framework has been defined.

d. Strengthening the family-school relationship (US\$1.3 million)

- 2.24 The fourth subcomponent is designed to enhance the family's performance of the educational role that it shares with the school in promoting the comprehensive development of boys and girls attending preschool. The idea is for the family and the school to arrive at mutual commitments to foster the comprehensive development of the child. This approach focuses on building upon the child-rearing patterns of the boys' and girls' families and opening up channels for participation and coordination by families and the schools. To this end, financing will be provided for: (i) the design, implementation, and monitoring of a teacher training program aimed at developing skills that will help teachers work with their students' families, which will be financed with funds from the PROPEF; (ii) a training program that will enhance the awareness of fathers, mothers and/or guardians of their shared responsibility as educators in the 1,150 schools where full program implementation is planned; and (iii) a training program designed to strengthen the organizational capabilities of the ACEs that will arrange for the construction or remodeling of instructional facilities.

e. Assessment of educational quality at the preschool level (US\$400,000)

- 2.25 This subcomponent's objective is to assess the impact and effectiveness⁷ of the preschool instruction offered to children five and six years of age and the effect it has on their development. To determine this, these variables will be measured on two different occasions: (i) the beginning and end of the second year of the program; and (ii) during the fourth year, when these children will be in second grade. Measurements will be taken of their reading comprehension, cognitive

⁷ For the purposes of this measurement, the operational definition of the concept of **impact** refers to the progress observed in the boy or girl in question between the first and second measurement as a result of the preschool instruction provided to that child, while the operational definition of the term **effectiveness** refers to the extent to which the effects produced during preschool continue to be observed during the basic education segment.

development, social development within the school environment, and adaptation to daily life. In the fourth year of the program, a follow-up assessment will be made of the children who were evaluated during preschool. Their scholastic achievement in the areas of mathematics and language arts in second grade will be reviewed and their performance in these subjects in first grade will be noted. The specific activities to be financed will be: (i) the engagement of international consultants to assist with the design of the assessment exercise, the adjustment of instruments, and the analysis and interpretation of the results, which will be financed with funds from the PROPEF; (ii) the application of observational tools, semi-structured personal interviews, and other structured tests; (iii) the engagement and training of test administrators; (iv) information processing; and (v) the submission and dissemination of findings. The findings of this study will be incorporated into the program's baseline.

4. Component 4: Nonformal early childhood care (US\$1 million)

- 2.26 This component's objective is to promote a public policy for early childhood development based on the diversification and validation of comprehensive nonformal models for providing care to boys and girls under five years of age. In order to achieve this goal, steps will be taken to strengthen the technical capabilities of the National Secretariat for Children and Adolescents (SNNA), the technical agency responsible for a series of initiatives to develop a public policy and improve existing nonformal early childhood educational services. Financing will be provided for the formation of a technical team to coordinate and carry out the activities planned by the SNNA through the following subcomponents:

a. Promotion of policies for the development of early childhood education (US\$300,000)

- 2.27 This subcomponent's objective is to support the consolidation of the SNNA, to build up its institutional capacity for implementing and administering the National Early Childhood and Preschool Education Plan, to promote the provision of relevant comprehensive services to the children and their families, and to set up an information, monitoring, and service assessment system. The following types of activities will be financed with a view to introducing a national policy for early childhood development: (i) regional consultative forums; (ii) an international forum on nonformal education; (iii) a public campaign that is to include information and awareness building visits, publication and distribution of materials, radio programs and the preparation of pamphlets and posters, and regional forums to promote an awareness of the issue; (iv) the design of comprehensive care models, to include consultancies, international internships, and tours of national services; (v) the design and implementation of an information system that will include the establishment and maintenance of a unified database, files on organizations and beneficiaries, software, the preparation of manuals, and procedures for the compilation and updating of information; (vi) a consultancy for the design and

implementation of a monitoring system for projects financed by the competitive fund, which is to cover the development of instruments, pilot tests, and facilitators to provide orientation and monitoring; (vii) a consultancy for the design of an assessment system, the preparation of baseline parameters, and the implementation of a midterm review and project completion evaluation; and (viii) validation of the models based on a systematized evaluation of experiences, the national forum, and the publication and dissemination of operational guidelines and care-delivery models. The activities mentioned in points (i) and (iv) will be financed out of PROPEF facility resources.

b. Models for the delivery of nonformal care to children under five years of age (US\$700,000)

- 2.28 The objective of this subcomponent is to validate intersectoral, socioculturally relevant models for the delivery of comprehensive care to at-risk children under five years of age living in marginal urban zones, rural areas, or indigenous settlements. These models will be developed and evaluated within the context of approximately 75 projects, to be financed through a competitive fund established for that purpose. Financing will also be provided for: (i) the preparation of project development manuals; (ii) training workshops for organizations submitting proposals to the competitive fund; (iii) technical advisory services to ensure that the quality of services is maintained during execution; (iv) training for project monitors; (v) workshops to facilitate information exchange among participating organizations; and (vi) evaluations upon the completion of each project.

D. Program cost and financing

- 2.29 The total cost of the program will be US\$25.9 million, of which US\$23.4 million will be financed with ordinary capital resources of the Bank, while the remaining US\$2.5 million will be providing in the form of counterpart funds (see Table II-2). The distribution, in approximate terms, of these resources among the various components will be as follows: (i) MEC policymaking and institution-building (7.5%); (ii) human resources development and training (10.7%); (iii) upgrading of preschool education (64.3%); (iv) nonformal early childhood care (4.1%); and (v) the Project Preparation and Execution Facility (PROPEF) (3.5%). The remainder will be used to cover the operation's administrative and supervisory costs (4.7%) and financial expenses (5.1%).
- 2.30 The national authorities decided to apply to the Bank for PROPEF funds in order to finance activities of vital importance for the preparation and successful start-up of PR-0124. The availability of these funds is expected to diminish the potential risk associated with the execution of program activities, especially those involved in the design of new curricular guidelines and their subsequent validation by the Paraguayan educational system and in the printing, publication, and distribution of new educational programs for prekindergarten and kindergarten. These last two

activities are prerequisites for all the other program activities. It will be important to have these resources in advance in order to reorganize the PCU, develop the methodological and implementational instruments for the preschool instructional model to be developed as part of the third component, and carry out the activities required in order to meet the conditions precedent to the first loan disbursement on time.

Table II-2
Cost Table (in thousands of US\$)

	IDB/OC	LOCAL	TOTAL	%
Administration and supervision	1,226		1,226	4.7%
Program Coordination Unit	966		966	
External evaluation and monitoring	200		200	
Auditing	60		60	
I. MEC policymaking and institution-building	1,648	300	1,948	7.5%
1. Policy/institutional framework for early childhood and preschool education	470	300	770	
2. Information and research system	357		357	
3. Social mobilization and communication	821		821	
II. Human resources development and training	2,290	500	2,790	10.7%
1. Initial teacher training	907		907	
2. In-service teacher training	1,383	500	1,883	
III. Upgrading of preschool educational resources	16,030	680	16,710	64.3%
1. Preschool infrastructure and equipment	11,743		11,743	
2. Development of innovative educational approaches	1,051	680	1,731	
3. Provision of learning resources	1,440		1,440	
4. Strengthening the family-school relationship	1,355		1,355	
5. Assessment of educational quality at the preschool level	441		441	
IV. Nonformal early childhood care	1,072		1,072	4.1%
1. Promotion of policies for the development of early childhood education	341		341	
2. Models for the delivery of nonformal care to children under five years of age	731		731	
V. PROPEF ⁸	900		900	3.5%
Subtotal	23,166	1,480	24,646	
Finance costs	234	1,100	1,334	5.1%
Interest		890	890	
Credit fee		210	210	
Inspection and supervision	234		232	
Total	23,400	2,580	25,980	100%

⁸ At the borrower's request, unused PROPEF balances may be transferred to any of the other investment areas covered under the present financing.

- 2.31 The financing for the program will be drawn from ordinary capital resources. The corresponding terms and conditions are set out below:

Table II-3. Loan Terms and Conditions	
Amortization period:	25 years
Grace period:	5 years
Disbursement:	5 years (min. 3 years)
Term of financial commitment:	5 years (min. 3 years)
Interest rate:	variable
Inspection and supervision:	1%
Credit fee:	0.75% on undisbursed balances

III. PROGRAM EXECUTION

A. Borrower and executing agency

- 3.1 The Republic of Paraguay will be the borrower of the loan for the Preschool and Early Education Improvement Program. The MEC will bear direct responsibility for its execution.

B. Program execution strategy

- 3.2 The organizational scheme for the program's execution is designed to strengthen the MEC's formal structure by creating the technical capacity that each of the relevant divisions (Administration and Finance, Early Childhood and Basic Education; Educational Development; Higher Education; Planning, Statistics and Information; and School Construction) will need to carry out the activities assigned to it in each of the program's components. Using reassigned MEC personnel and national consultants funded under the program, core teams of technical experts will be created within these divisions. Backed up by the existing structures, these teams will coordinate and execute the relevant components in conjunction with the corresponding departmental units (Departmental Supervisory Councils).
- 3.3 In order for the Bank to be able to liaison with a direct counterpart in matters relating to the general coordination of the program, use will be made of the existing PCU's installed capacity. This PCU has been highly successful in managing all the operations undertaken in this sector since 1994 (908/SF-PR and 770/OC-PR; ATN/SF-5184-PR; ATN/SF-6053-PR; ATN/SF-7162-PR) and is currently administering the Living School Program (1254/OC-PR). The PCU will report to the Ministry through the Office of the Deputy Minister for Education. In addition, an advisory council will be created. This council, to be chaired by the Deputy Minister, will be composed of MEC directors who are involved in the program's execution, a representative of the SNNA, a representative of the international cooperation agency concerned with early childhood issues, a representative of nongovernmental organizations (NGOs), and the PCU's executive and technical coordinators. The council will be responsible for facilitating the PCU's coordination activities, both within the MEC and with outside agencies, as well as providing advisory services to help ensure the program's successful implementation. **The formation of this advisory council will be a condition precedent to the disbursement of program resources.**
- 3.4 The PCU will be accountable to the Bank for the program's overall financial management. It will also be responsible for: (i) maintaining separate, specifically assigned bank accounts for the administration of the resources of the Bank and the local counterpart agency; (ii) submitting requests for disbursement and justifications for eligible expenses; (iii) implementing and maintaining suitable

- systems for administering contract management, financial management, and internal oversight of the use of IDB resources and those of the local counterpart agency in accordance with Bank requirements; (iv) preparing and submitting financial project reports and other financial reports as required by the Bank, including consolidated audited financial statements; (v) maintaining a suitable record-keeping system for the supporting documentation for eligible expenditures so that they can be checked by the Bank and by external auditors; (vi) preparing the annual work plans (AWPs) and biannual program progress reports; (vii) ensuring compliance with the Bank's established procedures for works and for the procurement of goods and consulting services using program resources, as well as authorizing payments in accordance therewith; (viii) coordinating the execution, monitoring and subsequent evaluation of program activities; (ix) ensuring that the program is executed in accordance with the policies and contractual terms and conditions agreed upon by the Bank and the Government of Paraguay; and (x) reporting to the advisory council on the program's progress and on its compatibility with the strategic guidelines and policies set forth in the national initial education plan.
- 3.5 The PCU has been restructured as follows in order to adapt its organizational apparatus to its new operational and technical duties: (i) at the executive level, the Executive Coordination Office, Administrative and Financial Coordination Office, and Technical Coordination Office have been created; (ii) at the operational level, the PCU has established a Teaching Techniques Area for the Living School Program, a Teaching Techniques Area for the Early Education Program and an Infrastructure and Equipment Area. The Executive Coordinator will be responsible for maintaining direct contact with the Minister and Deputy Minister of Education in order to oversee the program's general orientation and execution, ensure the coherence of its various components, and coordinate activities involved in its execution with the SNNA, the relevant MEC divisions, and local agencies and departments.
- 3.6 The Executive Coordinator will be advised by the Technical Coordinator, who will be responsible for directing the work of the specialists in charge of the areas of work defined at the operational level. In addition, the Executive Coordinator will be supported by the Administrative and Financial Coordinator, who will be responsible for his/her assigned area. The Administrative and Financial Coordination Office, Teaching Techniques Area for the Early Education Program, and Infrastructure and Equipment Area will be reinforced with the addition of highly qualified administrative and technical personnel. A figure showing the PCU's organizational chart and a description of the main functions of each unit is included in the annex to the Operating Regulations. Financial and administrative aspects of the program and all contracts will be in accordance with the technical pedagogical criteria on which the program is based. The PCU's operating costs will not exceed 3.7% of the program's total budget. **As a condition precedent to the first disbursement, the PCU shall demonstrate to the Bank that it has engaged**

or designated the Technical Coordinator for the Teaching Techniques Area of the Early Education Program and the consultants who are to form the working team for that area.

- 3.7 The MEC will delegate the execution of Component 4 to the SNNA and will sign an agreement which: (i) establishes its commitments regarding the execution of the component in its entirety for the duration of the program; (ii) designates the personnel who will be responsible for fulfilling those commitments; and (iii) includes a detailed list of the steps involved in its execution and the specific targets to be met along with the corresponding timetable and resource allocations. **The existence of a signed agreement between the MEC and the SNNA will be a condition precedent to the disbursement of resources for Component 4.**

C. Framework for program execution

- 3.8 In order to administer the program efficiently, the MEC has decided to reinforce the structure of its central units, particularly the Early Childhood Education Division (DEI), Teacher Training Division, Planning Division, and Construction Division. These divisions will carry out integrated, systematized activities in all regions of the country in order to provide leadership for coordination efforts, optimize resource use, and maximize the program's impact at the macro level. In order to clarify how program execution responsibilities are to be divided up among the PCU, the SNNA, the above-mentioned divisions, and other units of the MEC, Operating Regulations have been prepared which set out the institutional mechanisms to be used for its execution, school eligibility criteria, project selection and prioritization criteria, and investment eligibility standards. The framework for the execution of the individual components is as follows:
- 3.9 Component 1: **Policy-making and institution-building in the MEC.** The PCU will be in charge of executing this component in coordination with the DEI and the Planning, Statistics and Information Division (DPEI), where technical teams will be formed to take responsibility for the supervision and general coordination of the component's activities. Specifically, the DEI's technical team will be responsible for modifying the existing ECPE regulations and for developing and adapting the entire ECPE curricular framework. This team will be reinforced by technical personnel from other MEC units (Basic Education Division, Educational Development Division, Teacher Training Division, Indigenous Education Division and Special Education Division), and preschool and first-grade teachers in public and private schools. The DPEI, with assistance from external consultants, will be responsible for developing the information system for this level, training the MEC technicians in microplanning and the construction of educational indicators, and developing a research plan. The PCU's Executive and Technical Coordination Offices will be responsible for implementing the program's social communication strategy. Two social communicators will be engaged to perform the technical work

involved in these activities and to prepare materials that will then be sent to graphics firms or advertising agencies for publication.

- 3.10 Component 2: **Human resources development and training.** The trainer training activities will be the responsibility of the Teacher Training Division. An integral approach will be used with the teacher training institutes (TTIs) that offer specialized courses of study for early childhood education. This approach will entail the use of various strategies: (i) an interdisciplinary team will be recruited to reformulate the curriculum, with support from international consultants and national specialists; this will be a participatory process involving consultative workshops and an international seminar; (ii) trainer training will be provided, with support from an international university with recognized expertise in teacher training at this level, to prepare educators to implement the new curriculum; and (iii) learning resource centers will be set up in the TTIs through the provision of equipment, educational materials, and written materials together with staff training. In-service training activities will be conducted by the DEI with technical support from the Teacher Training Division and the PCU. The proposed human resources training program includes three strategies that are described in greater depth in the Operating Regulations: (i) training of a network of technical experts and supervisory-level educators; (ii) dissemination of the curricular framework and the kindergarten, prekindergarten and nursery school program; and (iii) training for the staff in the 1,150 schools where full program implementation is planned.
- 3.11 Component 3: **Improvement of preschool educational resources.** The work of the infrastructure and equipment subcomponent will be coordinated by specialists from the PCU's Infrastructure Area, with support from the MEC's Construction Division. The main construction projects will be carried out by transferring funds for their management to the ACEs using the predefined selection criteria and in accordance with the timetable set out in the Operating Regulations. The decision to have the ACEs conduct these projects (with the exception of a few cases in which the use of a different channel may be advisable) is based on the success of the Living School Program, which has demonstrated their effectiveness and impact. This approach is cost effective because the parents who make up the ACEs manage to complete construction projects at less than half the historical cost of equivalent tendered construction works and within the established timetable for the construction of classrooms and/or restroom facilities, thereby demonstrating their organizational capabilities and commitment to their children's education. This approach also has a significant impact because it creates an installed capacity for project management in the ACEs, which generally has positive effects in terms of the quality of the work, resource savings and, later on, infrastructure maintenance.
- 3.12 The stages involved in this process include: (i) a funded grant agreement between the MEC and the ACEs under which the latter make a commitment to acquire construction materials and labor, where appropriate, to complete the works in accordance with established quality standards and technical specifications;

- (ii) disbursement and receipt of funding; (iii) inspection and supervision of the work and submission of financial reports by the ACEs to the PCU; and (iv) delivery of the works by the ACEs and final acceptance by the MEC Construction Division. The Operating Regulations specify how the funding is to be distributed, what mechanism is to be used for the transfer of funds, and what type of training and support is to be provided to the ACEs. They also provide a model for the agreement that each of the participating ACEs is to sign prior to the transfer of program resources. The procurement of school equipment and furnishings is to be arranged for by contracts awarded to specialized firms in competitive bidding processes.
- 3.13 The subcomponent on the development of innovative educational approaches will be directed by the DEI, with technical support from the PCU. The PCU will be responsible for the general coordination and supervision of the activities to be conducted. Specifically, the PCU will provide support for the preparation and instructional management of innovative classroom projects submitted by schools, as well as the design and preparation of support materials for this subcomponent. At the departmental level, the network of early childhood and preschool education specialists will be responsible for supervising and providing instructional support to the schools. At the school level, a team composed of the school's director, first-grade teacher and preschool teacher will be responsible for developing and submitting classroom projects, administering the resources made available for their execution, submitting the corresponding reports to the MEC, and promoting professional exchanges with other schools. More detailed technical specifications for these projects are provided in the Operating Regulations. A management contract should be signed by the MEC and each beneficiary school before resources are transferred to that school. This contract should be in accordance with the terms set forth in the model agreement contained in the attachment to the Operating Regulations.
- 3.14 The procurement of materials for the learning resources subcomponent will be the responsibility of the PCU, which is to receive technical support from the DEI. The annex to the Operating Regulations provides a specific description of the areas or corners that each preschool classroom in the program should have, along with the associated instructional aids and classroom libraries.
- 3.15 The preschool educational quality assessment subcomponent will be executed by the Educational Development Division through the National Education Evaluation System (SNEPE). A total of 100 classrooms, chosen at random from among 100 centers located in four geographical areas (to be determined), will be studied. Five boys and/or girls (also to be chosen at random) will be evaluated in each center, together with their families and teachers. In addition, 300 boys/girls will serve as controls; these children will be living in the same sectors as the schools in question, but will never have attended an educational center. A total of 800 children will therefore be involved in the study. A large battery of tools will be used to study the preschool classrooms, the teachers or uncertified instructors in charge of the

children, and administrative personnel. In addition, the children's home environments will be evaluated and their mothers or guardians will be interviewed. A total of 24 examiners will be recruited. After receiving their training, these examiners will travel in pairs around the four geographical areas selected for the study. The findings will be widely disseminated throughout the Paraguayan educational system. A more detailed account of the specific design features of the study may be found in the annex to the Operating Regulations.

- 3.16 Component 4: **Nonformal early childhood care.** Responsibility for the execution and monitoring of this component will be borne by the SNNA, with technical support from the PCU. The SNNA will sign a participation agreement with the MEC establishing the two institutions' responsibilities (see paragraph 3.7). Specifically, the SNNA will be in charge of: (i) coordinating all the activities included in this component with the PCU and other relevant agencies; (ii) conducting an analysis and survey of the public and private institutions that could qualify for participation in the project fund and input the information in the unified database; (iii) maintaining an up-to-date, dynamic information system on early childhood services; (iv) promoting the formation of a cross-sectoral committee composed of agencies from the health and education sectors and the social welfare institute, together with three NGOs; (v) promoting inter-agency agreements aimed at strengthening early childhood development policies; (vi) preparing and disseminating project development methodological manuals and guidelines; (vii) providing training to candidate organizations regarding project development and care models; (viii) coordinating the project selection and award process; (ix) offering technical assistance, supervising, and performing quality control functions for the services to be financed; (x) publicizing these experiences and the importance of investing in early childhood development; and (xi) maintaining administrative and financial control records on resource transfers. The transfer of program resources to beneficiary institutions will be conducted by the MEC through the PCU, which will be responsible for the administrative and financial control of those resources, with support from the SNNA. A management contract should be signed by the MEC and by each beneficiary institution before resources are transferred to that institution. This contract should be in accordance with the terms set forth in the model agreement contained in the attachment to the Operating Regulations.
- 3.17 As part of the subcomponent for the promotion of public policies, an international consultancy contract will be issued in the first year to support the operational design of the national plan, the systematization process, and the organization of three consultative regional forums. In addition, in the first year the three main systems (information, monitoring, and assessment) will be designed, while in the fifth year the relevant experiences will be systematized and a national forum for the presentation of the approved models will be held.

- 3.18 As part of the subcomponent on nonformal care models, a US\$700,000 fund will be created during the first year of execution. This fund, to which project proposals may be submitted, will finance approximately 75 comprehensive projects for children under five years of age (25 for each care model). A cross-sectoral committee composed of representatives of public and civil society agencies will be set up for this purpose. The following models for serving these children will be used: (i) services for children living in remote rural areas and/or indigenous communities (3,000 children); (ii) community centers servicing children of working mothers (1,000 children); and (iii) community play circles (2,000 children). The by-laws for this fund, which are annexed to the Operating Regulations, specify such items as the characteristics of the different models, project eligibility and selection criteria, financial reporting procedures, and a model for the agreement that should be signed prior to each transfer.

D. Operating Regulations

- 3.19 The program will be executed in accordance with the Operating Regulations, which set out the necessary terms and conditions for the implementation of each of its components together with the duties and obligations of the various agencies involved in its execution. These guidelines include models for the agreements that are to be signed prior to resource transfers to the ACEs, to schools participating in the classroom project activities, and to bidding institutions that are awarded financing by the fund to be set up as part of Component 4. **The following will be conditions precedent to the first disbursement: (i) entry into force of the Operating Regulations and their annexes; and (ii) approval of the initial program report, including the AWP for the first year of the program.**

E. Procurement of goods and services

- 3.20 The procurement of goods, issuance of contracts for consulting services, and execution of works will be conducted in accordance with the Bank's policies, standards, and established procedures. Contracts for the execution of all works having a value of US\$2 million or more, the procurement of goods for sums of US\$350,000 or more, and the engagement of consulting services at a price of over US\$200,000 must be awarded by means of international competitive bidding. In the case of goods, contracts in amounts below these thresholds will, in principle, be governed by local law, insofar as such law does not contravene Bank policy, as follows: contracts from US\$50,000 up to but not including US\$350,000 will be subject to local competitive bidding, from US\$10,000 up to but not including US\$50,000 restricted bidding, and under US\$10,000 price shopping. Given the large number of goods procurement operations, construction contracts and consulting service contracts that will involve relatively small sums of money, the requirement that the executing agency comply with the policy on ex post evaluations of procurement operations, and the need to expedite the execution of the program, prior nonobjection by the Bank will be required only for contracts

amounting to more than US\$75,000 for construction works, the procurement of goods or the issuance of consulting firm contracts for amounts greater than US\$10,000, and contracts of more than US\$5,000 for individual consultants. The Bank's Country Office in Paraguay will conduct an ex ante review each year of the first three contract award processes of each type; thereafter, ex post reviews may be conducted, provided that they are included in the approved AWP, on a sampling basis. If irregularities in these processes are found to exist, the Bank may refuse to recognize the corresponding expenditures as part of the program's cost, and ex ante reviews will be reintroduced. In addition, prior to the award of construction projects or the issuance of a contract for ACEs, the PCU will submit evidence to the Bank of the legal ownership of the land in question and proof that a contract for the supervision of the work has been issued. Price will be used as the criterion for the selection of consultancy service providers in accordance with document GN-1679-3. In cases where selection is based on quality as well as cost, price will not be assigned a weighting of more than 20% as a selection factor. The Program Procurement Plan is shown in Annex III-I.

- 3.21 Contracts for consultancy services will be issued in accordance with standard Bank procedures, with the exception of contracts for temporary personnel (four persons) now staffing the PCU whose salaries amount to a total of US\$78,000 per year. These persons worked on the design of the program for six months prior to submission of the request for financing. ATN/SF-7162-PR resources provided by the Bank for the preparation of studies, training, and other activities have served as inputs for the operation's design. The issuance of contracts for these consultants is being requested as an exception to the required procedure for selecting consultants by means of public tender in view of the excellent technical and leadership skills demonstrated by this team during the operation's design phase. It is believed that the program's start-up and execution will be facilitated if the team continues to perform coordination and administrative functions during its implementation.
- 3.22 Given the fact that approximately 1,000 instructional facilities (classrooms and restrooms for preschool children) will be built by the ACEs, the Bank will use a simplified procedure for administering resource transfers from the revolving fund to the ACEs. These resources will be transferred as a single item and will be regarded as encumbered once: (i) a signed contract with the MEC is submitted; and (ii) evidence is provided of receipt of the funds by the ACEs. In order to have financial reporting functions work as transparently and smoothly as possible, the MEC will take advantage of the various training workshops to be held to apprise the ACEs of the relevant reporting requirements and to furnish them with an instructional document on the subject. In addition, the ACEs will be given support by a team of social workers who will be engaged by the program to advise them on the reporting process and institution-building efforts. This fund transfer mechanism is already being used successfully in the ongoing Living School Program (1254/OC-PR) (see paragraph 3.11).

F. Execution and disbursement schedule

- 3.23 A period of five years is planned for the program's execution. The revolving fund for this operation has been set at 5% of its financing. Biannual reports will be submitted on the status of this fund within 60 days of the close of each semester. The following disbursement schedule is planned:

Table III-1
Disbursement schedule (in millions of US\$)

SOURCE	Year 1	Year 2	Year 3	Year 4	Year 5	TOTAL
Bank	5,117	5,465	5,357	4,938	2,523	23,400
Local contribution	400	580	580	520	500	2,580
Total	5,517	6,045	5,937	5,458	3,023	25,980
Percentage	21.2	23.3	22.9	21.0	11.6	100%

G. Auditing

- 3.24 External audits of the program will be conducted by an independent auditing firm acceptable to the Bank in accordance with Bank policies and procedures (documents AF-100 and AF-300). This firm will be contracted using the Bank's bidding procedures for auditing firms (AF-200) and in accordance with the terms of reference of external auditing of projects financed by the IDB (AF-400), once the Bank has given its approval. External audits will cover both financial and operational aspects, and submission of the annual reports on the program's financial statements will therefore be required within 120 days following the close of each fiscal year. Auditing expenses will form part of the program's cost and will be financed by Bank loan proceeds.

H. Monitoring and evaluation

1. Monitoring

- 3.25 Within 60 days following the end of each semester of the timetable set for the program's execution, the MEC will submit a biannual program progress report to the Bank. The reports submitted at the end of each full year of program execution will also include a work plan for the following year, a financial statement for the program, a status report on the resources transferred to the schools, the ACEs and the SNNA, and information on the procurement operations carried out during the preceding year and those planned for the current year. For purposes of program monitoring and the evaluation of outcomes, these reports will include a comparative yearly outline of its progress based on a set of indicators agreed upon by the Bank and the MEC. Those indicators are outlined in Annex II-I.

- 3.26 Every year, within 60 days after the date of preparation and submission of the biannual progress report that coincides with the completion of another year of program implementation, the MEC will analyze the information with the Bank in order to evaluate the program's progress, along with any difficulties that have arisen in its execution, and the two institutions will decide what adjustments need to be made in order to ensure the achievement of the operation's objectives. These annual reports will serve as a basis for the administration missions that are to be carried out each year. The structure and content of these reports are specified in the program's Operating Regulations.

2. Evaluation

- 3.27 As part of the program evaluation process, two assessments (a midterm review and a completion evaluation of the program's outputs and impacts) will be prepared in accordance with an outline agreed upon by the MEC and the Bank, as shown in the Operating Regulations. The results of the first appraisal will be submitted to the Bank once 50% of the program's resources have been encumbered or 36 months after the loan contract has entered into effect, whichever comes first. This review will ascertain the extent to which the program has met its targets, detect problems, and introduce corrective measures to ensure that the program's objectives are achieved. The final evaluation, which will be based on the same outline in terms of both content and methodology as the midterm review, will be conducted within the six-month period prior to the deadline for the last disbursement, and the findings will be submitted to the Bank no later than 30 days before the deadline for the last disbursement. This evaluation will, inter alia, provide the comparative results for the difference between the baselines determined at the start of the program and the actual results as indicated by: (i) the ECPE questionnaire included in the household survey conducted by the Statistics, Survey and Census Bureau (DGEEC) (see paragraph 2.13); (ii) the survey conducted to measure how children's issues are perceived in Paraguayan society (see paragraph 2.14); and (iii) the test that SNEPE is to administer to students who did and did not attend preschool upon their entry into first grade (see paragraph 2.25). Both appraisals will be prepared by a consulting firm contracted for that purpose in accordance with the terms of reference and scope of work agreed upon by the MEC and the Bank.
- 3.28 The Government of Paraguay, in conjunction with the Bank, has committed itself to carrying out an ex post evaluation of this operation 36 months after its completion. The information and methodology generated by the study on the impact and effectiveness of the preschool model implemented with program resources (see paragraphs 2.25 and 3.15) will be used as a basis for these measurements.

IV. VIABILITY AND RISKS

A. Institutional viability

- 4.1 The program's institutional viability is based on the idea of strengthening the MEC's organizational structure by giving its divisions the necessary technical capacities to conduct the activities assigned to them under each program component. In order to avoid creating structures that parallel those of the Ministry, technical teams will be formed in each of the divisions. These teams, with the support of the existing organizational structure, will be responsible for executing, monitoring, and evaluating the execution of their assigned components or subcomponents. The teams will be composed of 10 MEC technical experts who will be reassigned to these duties and 8 national consultants contracted by the program. The PCU's main functions will be to coordinate the activities, maintain the technical coherence of the components, and direct the administration, financial management and monitoring of the program, together with its overall evaluation. This approach has been chosen because the MEC, through the PCU and its divisions, has gained valuable project management experience in the course of previous operations (see paragraph 1.21) which has allowed it to build up an increasing level of technical and institutional capacity. At present, thanks to the continuity of policies in the sector, there is an exceedingly solid technical team capable of executing this operation efficiently and effectively.
- 4.2 Designing the execution of this program within a framework based entirely on the Ministry's existing organizational structure entails fostering a change in its institutional culture from the bottom up. These changes in both management and teaching practices will be brought about by the dynamics generated by the various program activities. For example, using the 106 technical experts who form the early childhood education network and the MEC's supervisory teams at the departmental level to execute the program will provide these units with greater scope for action and will accord them the importance they deserve in terms of the accumulation of experience and the transference of knowledge and professional praxis to the coordinating and supervisory departmental units and schools at the local level. The expectation is that this scheme will lead to the development of a new dynamic in the work being done at the preschool level, whereby pedagogical considerations will begin to take precedence over purely administrative concerns. The program is also expected to generate an institutional dynamic in which the preschool level will ultimately be incorporated as an active component of the basic education system, and its role as the cornerstone for boys' and girls' successful cognitive and socio-affective development during their time at school will come to be understood.
- 4.3 The program also provides for the development and testing of nonformal models for serving boys and girls under five years of age who require specialized technical services of a type that exceed the MEC's existing capacity. Active participation by

the recently created SNNA will therefore be required so that it, with support from public and private institutions possessing expertise in the field of nonformal early childhood education, can successfully develop these models.

B. Socioeconomic viability

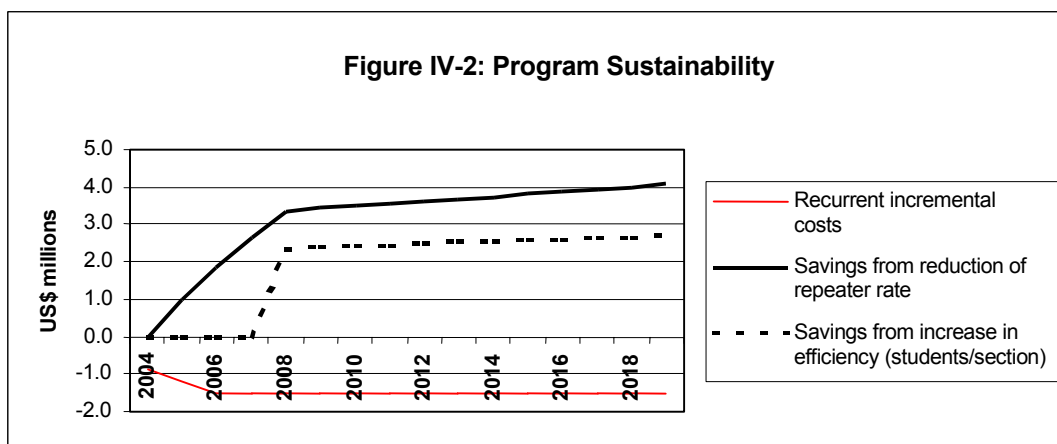
- 4.4 The economic and social benefits of early childhood education are numerous and are manifested in both educational terms (reduction of school failure rates and increased learning) and in individuals' personal development and societal integration (improved self-esteem, reduced risk of dysfunctional behavior, and improved social and occupational integration, in addition to a higher labor participation rate for mothers). The quantification of many of these benefits generally requires tracer studies of the beneficiaries and a control group over many years (after they have left the school system), however, such studies are methodologically complex, costly, and hence few in number.
- 4.5 In view of the foregoing, the economic evaluation of the program will use a variety of tools. Conservative cost-benefit estimates have been made taking into account only the most readily quantifiable benefits. The recurrent incremental costs have been estimated and compared with the savings in permanent costs generated by the program. These calculations demonstrate not only the program's sustainability, but also its potential to be self-financing, thanks to the savings afforded by improvements in internal efficiency and the improved allocation and use of infrastructure and teaching resources. At this critical juncture in the fiscal and economic situation, it is very important to show that resource use is being optimized and that the MEC is committed to rationalization and efficiency-boosting strategies to ensure the sustainability of the policy on universal preschool coverage. It can also be demonstrated that the largest investments involved in the program—the infrastructure component to provide universal preschool coverage, which represents 46% of the direct costs—are highly cost-efficient.
- 4.6 **Costs and benefits of the program:** The figures on program costs include both direct investment costs and recurrent incremental costs. The program's main quantifiable benefits are the most direct educational benefits that have been identified as program goals.

Table IV-1
Educational goals and economic benefits of the program

Educational goals for the program up to 2008	Quantifiable economic benefits
* A gradual reduction in the first-grade repeater rate (from the current rate of 16% to 8% by 2008) and in the first-cycle repeater rate (from 13% to 7%).	* Increasing savings (between US\$1.8 and US\$3.3 million per year from 2008 on, with the amount depending on whether the reduction in the repeater rate is seen only in first grade or in the entire first cycle).
* More efficient use of infrastructure and teaching staff by raising the average number of students per section (classroom) from 20 to 25 (from 17 to 20 in rural areas and from 24 to 30 in urban areas).	* Savings afforded by improved use of teaching resources (an estimated annual savings of US\$2.4 million from 2008 on).

- 4.7 A comparison of program costs with the above-mentioned quantifiable benefits provides a preliminary idea of this operation's social profitability. The estimates are conservative ones, inasmuch as they do not include important additional benefits such as increases in the labor participation rate for mothers, educational benefits at levels beyond the first cycle, or the significant types of individual and social benefits that have been observed in longitudinal studies conducted in other countries.⁹ Nevertheless, even these conservative calculations indicate that the project will pay for itself completely from 2018 on, i.e., 10 years after its completion, with a rate of return of over 12% that continues to rise as the time horizon for the estimates of profitability is lengthened.
- 4.8 **Recurrent costs and program sustainability:** The fiscal viability of covering the program's recurrent incremental expenses is even more important than how much time it takes to recover the entire investment. These expenses are mainly generated by the increase in the wage bill associated with the provision of universal preschool coverage. A comparison of the annual savings afforded by the reduction in the repeater rate and the more efficient resource use permitted by increasing the number of students per section (over US\$5.6 million per year from 2008 on) and the additional wage costs (around US\$1.5 million per year), which make up the bulk of the incremental current expenditures, indicates that the savings would be more than enough to cover the incremental costs. This means that the project would be self-sustaining and would be generating net current savings from the year 2006 on (see Figure IV-2).

⁹ Campbell, F.A., and C.T. Ramey, 1994, Effects of Early Intervention on Intellectual and Academic Achievement: A Follow-up Study of Children from Low-Income Families.



- 4.9 The above analysis underscores the importance of the commitment to increasing the efficiency of resource use in the sector which is implicit in the program's goals. The achievement of either one of the program's two efficiency improvement targets—the reduction of the repeater rate (even if only in the first grade) or an increase in the number of students per section—would generate enough savings to cover the recurrent incremental costs generated by the program. In fact, the salaries of the additional teachers required in order to provide universal preschool coverage would only amount to approximately US\$1.5 million per year, which is equivalent to a 5.4% increase in the wage bill at the early childhood level. The reduction in the first-grade repeater rate alone would afford annual savings of over US\$1.8 million from 2008 on, while the reduction of the repeater rate for the first cycle would generate additional savings of about US\$3.3 million. Increasing the average number of students per section would translate into annual savings of more than US\$2.3 million, which represents a 25% increase in the efficiency of infrastructure use and a reduction in the cost per student of around 20%.
- 4.10 **Cost-efficiency of the investments:** Given the fact that investments in infrastructure represent nearly 46% of the total program investments, estimates of the cost-efficiency of the proposed works demonstrate that having the construction done by the ACEs would be much more efficient than the other options that were considered (competitive bidding by local contractors or a call for tenders). As noted earlier, experience with the execution of similar projects by the ACEs (the Living School Program) indicate that this approach would result in an average cost per classroom of less than US\$4,085, versus a cost of over US\$6,900 per classroom for the other options. This means that the program would be realizing savings of nearly US\$2.5 million on the construction of the new facilities required to provide universal preschool coverage without lowering its technical quality standards or delaying completion of the work.
- 4.11 **Distributive and social-equity impact:** An analysis of the program's distributive impact based on household survey data indicates that its effects would be felt the most in the two lowest income quintiles, in which preschool attendance would rise

from the current 47% rate to 60%, thereby helping to narrow the gap between these sectors and high-income groups, where the average preschool attendance rate verges on 90%. These figures highlight the program's potential impact in providing more equitable educational opportunities by helping to close the education gap in terms of both coverage and quality and by reducing the risk of school failure, which is greater among children from poor households. These are the reasons why preschool and early education has been gaining a more prominent place on the public agenda of countries in the region, since it is one of the most effective tools for achieving simultaneous improvements in the equity and quality of basic education, thereby playing a valuable role in curtailing the perpetuation of educational inequities and, hence, the intergenerational transmission of poverty.

C. Environmental and social viability

1. Social impact

- 4.12 This program has automatically been classified as a poverty-targeted investment (PTI) and as a social equity enhancing project (SEQ) because it is designed to serve children and adolescents in lower-income sectors who are at high social risk and who therefore have less access to traditional social programs. This operation is also consistent with the objectives of increasing social equity and reducing poverty as set forth in paragraphs 2.13 and 2.15 of document AB-1704 of the Eighth Replenishment.

2. Environmental impact

- 4.13 The Committee on Environment and Social Impact (CESI) approved the program at its session of 11 October 2002. The program may have some positive environmental and health impacts as a result of the improvement in physical conditions in schools which need to expand the educational services they offer at the preschool level and/or carry out minor repairs based on an established maintenance plan. It is possible that some environmental disturbances could arise during the repair or expansion of classrooms, but these would be local impacts of limited scope. In addition, the reduction of such disturbances is provided for in the regulations governing the siting, construction, and operation of school facilities that apply to this loan operation. The schools also have a school building maintenance manual that specifies procedures and standards for construction, environmental protection, and school safety. The project team has found that the procedures and standards set forth in this manual are being applied to a reasonable degree at the present time. The Operating Regulations stipulate that these procedures and standards will be observed during the construction of the classrooms by the ACEs. The program will, where appropriate and relevant, address the issues of bilingualism and ethnic diversity as they relate to curricular reform, preparation of instructional materials, and teacher training activities.

- 4.14 It has also been agreed that the new preschool curricular framework to be financed by this operation will include issues relating to environmental protection and the conservation of natural resources among its cross-cutting objectives.

3. Gender equity

- 4.15 In recent years, as the population's level of education has risen, women have been increasing their participation in the labor market, and wage differentials between women and men have been narrowing. Throughout the entire educational reform process, the MEC has taken the gender perspective into consideration in all its projects. The new basic education curriculum, textbooks and other instructional materials, and teacher training programs all place women in a context of gender equality. Some of the comprehensive nonformal models that will be tested for boys and girls under five years of age will focus on ensuring the comprehensive care and development of the children of working mothers. Nonetheless, certain culturally-based stereotypes that limit girls' personal development potential persist. Given this situation, all program activities have been designed with a view to supporting equitable participation by boys and girls. The program is also oriented toward fostering family situations in which the couple will share child-rearing and childcare responsibilities so that women are not overburdened and can play a full role in society.

D. Benefits

- 4.16 The program will contribute to the design of comprehensive reforms in preschool and early education through the implementation of policies and strategies aimed primarily at serving young children who are at social and educational risk, thereby helping to reduce poverty in the country. The program will also stimulate the development of new mechanisms for encouraging teachers, families, and other members of the community to participate in the various projects that are to be conducted. This will entail the formation of a new type of relationship between the MEC and the SNNA that will help increase the relevance of such initiatives and generate effective solutions for problems and specific sorts of situations that may arise at the departmental level. This course of action is aligned with the educational reform program now being implemented in Paraguay and will therefore help to consolidate that process by contributing to an awareness of the importance of early childhood education. This is all the more necessary in view of recent research findings which indicate that the structural organization of the human brain is largely determined during the first five years of life. These findings also show that development in this area is an efficient means of raising the quality of education, reducing repeater rates in the first cycle of basic education, and thus lowering the educational system's costs.
- 4.17 The program will seek to provide universal preschool education in order to foster quality learning for girls and boys of a type that is relevant to them and takes ethnic,

linguistic, and gender diversity into consideration, together with special education needs and other cultural factors that are meaningful to them, their families, and their communities. The provision of quality education on a universal scale will also facilitate these children's transition to the basic education system by helping them to develop the necessary skills and attitudes and by implementing the teaching and learning processes required to link the two levels. The active engagement of parents through the ACEs will help enhance ongoing family involvement in the schools based on a joint, complementary, and coherent educational effort that will optimize these boys' and girls' growth, development, and learning processes.

- 4.18 From an institutional standpoint, the program will help to stimulate and consolidate participation by other public and private organizations (NGOs) in the generation, implementation, and evaluation of new nonformal channels for the provision of early childhood education. Since the MEC does not have sufficient operational capacity to furnish this type of instruction entirely on its own, these institutions play a vital role in providing nonformal education at this level under the technical and operational supervision of the SNNA, the government agency responsible for implementing the policies designed by the System for the Protection and Promotion of the Rights of Children and Adolescents.

E. Risks

- 4.19 The start-up of the program could be adversely affected by the arrival of new MEC authorities when the next Administration takes office in the near future. This could lead to changes in the composition of the local team that has acted as the Bank's counterpart during the project design phase. In order to mitigate this risk, the current technical team members, with the support of the Bank, have launched a broad-based strategy aimed at informing the newly elected authorities about the program's objectives and goals and at underscoring the importance of investing in activities targeting early childhood. Nevertheless, in view of the possibility that major changes could be made in the teams responsible for the program's preparation and implementation, plans are being made for a start-up workshop and subsequent administration missions in order to ensure the project's ownership and to monitor its execution closely.
- 4.20 It is estimated that in order to achieve the stated objectives of providing universal preschool education, as measured by gross enrollment, an investment sufficient to add 1,000 new instructional facilities to the available supply and to remodel another 500 facilities will be needed. The implementation capacity required of the PCU in order to meet the program's annual targets is a cause of concern, since this will entail the construction of an average of approximately 300 classrooms per year in a total of 700 institutions throughout the duration of the program. In order to mitigate this situation, the Construction Division will assume full responsibility for the replacement or renewal of the physical facilities of the beneficiary institutions, specialized personnel will be recruited to assist with the inspection and supervision

of the work and the preparation of architectural blueprints and technical specifications, and ACE training activities will be reinforced.

PRESCHOOL AND EARLY EDUCATION IMPROVEMENT PROGRAM (PR-0124)
LOGICAL FRAMEWORK

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
GOAL	To improve levels of education and schooling in rural and marginal urban sectors of the population.	<ul style="list-style-type: none"> Population located in rural and marginal urban sectors with higher levels of schooling. 	Household surveys and population census.	The country continues to consolidate its democratic system and to develop long-term social policies that benefit the poorer sectors of the population.
PURPOSE	To improve comprehensive education for boys and girls under six years of age by expanding coverage based on criteria of quality and equity, strengthening institutional management and promoting household and community involvement.	<ul style="list-style-type: none"> Increase in gross enrollment rate at the preschool level from 81% to 100%. Increase in net enrollment rate at the preschool level from 67% to 90%. Decrease in repeater rate for first grade in the basic education system from 16% to 8%. Decrease in repeater rate for first cycle of the basic education system from 13% to 7%. Percentage of certified preschool teachers increases from 27% to 70%. Improvement in cost/student ratio from US\$94 to US\$75. Improvement in student/teacher ratio: National: 20 to 25; Urban: 24 to 30; Rural: 17 to 20. Decrease in over-age rate from 20% to 10%. 20% increase in nonformal channels for early childhood education. 	<p>Annual reports prepared by the MEC Planning Division Information System.</p> <p>Report on the findings of the preschool model's evaluation (SNEPE).</p> <p>Final report prepared by the SNNA.</p> <p>Results of opinion poll on the perception of early childhood issues.</p>	The new Administration places priority on early childhood and preschool education and ensures that the necessary financing is made available.

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
		<ul style="list-style-type: none"> 40% increase in the positive perception within Paraguayan society of early childhood issues. 		
COMPONENTS, SUBCOMPONENTS 1. MEC policy-making and institution-building	Design a policy for strengthening early childhood and preschool education (ECPE) in the country and develop a MEC social information and communications scheme using the recently approved System for the Advancement and Protection of Children and Adolescents as a frame of reference.	Output indicators: <ul style="list-style-type: none"> Approval of curricular framework for ECPE. Approval and implementation of new program for prekindergarten and kindergarten. Definition and application of new ECPE indicators by the third year. Definition and implementation of communication strategy and plan of action. 	Publication of new curricular framework and course of study. Follow-up report by the DEI on the results of the new study programs' application. Report by the PCU on the outcomes of the communication strategy.	MEC authorities have the political will and technical capacity to promote the institutional and policy changes required to modernize ECPE.
1.1 Policy and institutional framework for preschool and early childhood education	To define the new policy/ institutional framework for ECPE and modify the applicable regulations accordingly.	Output indicators: <ul style="list-style-type: none"> Printing and distribution of 14,000 copies of the new regulations governing ECPE in the second year. Printing and distribution of 10,000 copies of the new curricular framework for early childhood education in the first year. Printing and distribution of 10,000 copies of the preschool education program and of 7,000 copies of the program for prekindergartens in the first year. 	Publications of the new regulations and curricular framework for the prekindergarten and kindergarten programs. Annual report by the DEI on the operation and evaluation of the network of early childhood experts.	

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
		<ul style="list-style-type: none"> A stronger network of recognized experts (106) in early childhood education performing a technical support role in the program's management from the first year on. 		
1.2 Information systems	To develop the necessary information systems and generate analytical and research capacity in the field of preschool education.	<ul style="list-style-type: none"> MEC current statistical information systems to consolidate and utilize information on formal early childhood education from the second year on. DGEEC household survey incorporates relevant preschool information from the second year on. 	<p>Annual statistical bulletin published by MEC.</p> <p>Annual household survey results.</p>	
1.3 Social communication	To develop a social communication and mobilization strategy for creating an awareness of children's rights and for promoting and publicizing those rights in Paraguayan society.	<ul style="list-style-type: none"> Printing and distribution of 220,000 quarterly "From the classroom" bulletins from the first year on. Broadcasting of 30 "Learning is magic" radio programs each year from the first year on. "Children's world" exhibition held in the third and fifth years. 	<p>Copies of the "From the classroom" bulletin.</p> <p>Annual report by the PCU on the outcomes of the communication strategy.</p> <p>Report on the results of the "Children's world" exhibition prepared by the DEI-PCU.</p>	
2. Support for human resources development	To increase teaching staff quality at the preschool and early education levels.	<p>Output indicators:</p> <ul style="list-style-type: none"> Application of new early childhood teacher-training curriculum in 16 TTIs in the fourth and fifth years. 	<p>Reports from the Higher Education Division and the Planning, Statistics and Information Division of MEC.</p> <p>Reports on outcomes from monitoring of teaching practices in early childhood education classrooms.</p>	<p>The MEC defines a policy on the certification of early childhood teachers and sets a timetable for compliance.</p> <p>Teachers feel motivated by the professionalization options offered by the program.</p>

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
2.1 Early childhood teacher training	<p>To reformulate the TTIs' curricular grid for early childhood and preschool teacher training.</p> <p>To develop a program for a specialization in ECPE for teacher trainers.</p> <p>To increase the number of certified teachers in ECPE.</p>	<p>Output indicators:</p> <ul style="list-style-type: none"> • 100% of teacher trainers from 16 TTIs are trained and are implementing the new early childhood education curriculum. • 16 TTIs have set up and are operating learning resources centers in the first year. • 700 educators and instructors with secondary school diplomas qualified with early childhood certification. 	<p>Reports from the Higher Education Division.</p> <p>Reports from the Planning, Statistics and Information Bureau (DPEI).</p>	
2.2 In-service teacher training	<p>To provide in-service training to teachers at the preschool level.</p> <p>To provide training for a network of technical ECPE experts.</p>	<ul style="list-style-type: none"> • 7,000 teachers trained in the use of the new curricular framework and course of study from the first year on. • 1,150 directors and 1,150 teachers trained in the application of the new preschool model from the first year on. • 106 network experts trained in the application of the new preschool model in the first year. 	<p>Report on results from the Teacher Training Division and the PCU.</p>	
3. Improvement of preschool educational resources	<p>To provide universal preschool coverage for five-year-olds while maintaining standards of quality and equity.</p>	<p>Output indicators:</p> <ul style="list-style-type: none"> • Improved scholastic results (repeater rate and achievement) for children in the first grade of the basic education system. • Increased gross and net preschool enrollment rates. 	<p>MEC report providing statistical data on educational outcomes.</p> <p>Follow-up and final evaluation reports based on</p>	<p>Congress approves the budgetary allocations required to achieve the goal of universal coverage.</p>

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
		<ul style="list-style-type: none"> Implementation of the new preschool model in 1,150 schools. Increased level of skill development and scholastic achievement in mathematics and language arts. 	<p>the preschool sample group.</p> <p>Follow-up reports prepared by the PCU and the relevant MEC divisions.</p>	<p>Teachers are committed to the new preschool education model.</p>
3.1 Infrastructure and equipment	To provide the infrastructure and equipment required in order to provide universal preschool education (measured by the gross enrollment rate).	<p>Output indicators:</p> <ul style="list-style-type: none"> Construction and outfitting of 1,000 new preschool instructional facilities (classrooms, restrooms, and schoolyards). 2004: 150; 2005: 200; 2006: 300; 2007: 250; 2008: 100. 500 remodeled instructional facilities. 2004: 50; 2005: 100; 2006: 200; 2007: 100; 2008: 50. 45,000 more children served. 1,200 ACEs trained in school participation techniques and in the use of administrative procedures to improve physical and financial resource use from the first year on. 	<p>Submission of reports that include architectural blueprints and ACE financial accounts.</p> <p>Annual reports by the PCU on the outcomes of ACE training activities.</p>	<p>The ACEs make an active commitment to the program's objectives and participate in the construction of new instructional facilities.</p>
3.2 Development of educational innovations in the classroom	To promote better teaching practices designed to strengthen links between preschool education and the basic education system.	<ul style="list-style-type: none"> Follow-up report on teaching practices in preschool classrooms. Implementation of 1,500 classroom projects. 2004: 200; 2005: 350; 2006: 600; 2007: 300. 	<p>Completion reports on the classroom projects for which financing was provided.</p> <p>Annual reports by the PCU on the results of the classroom projects' implementation.</p>	

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
3.3 Teaching materials and learning resources.	To provide teachers with instructional aids that will help them to implement the new curricular framework in their classrooms.	<ul style="list-style-type: none"> Distribution of 4,500 teachers' tool kits to 100% of schools offering preschool instruction in the second year. Distribution and implementation of 4,500 classroom libraries in the second year. 	Annual reports by the PCU on the use of the materials that have been distributed.	
3.4 Family and community participation	To increase family participation in the development of a comprehensive educational experience for preschool boys and girls.	<ul style="list-style-type: none"> Printing and distribution of 10,000 manuals on the topic of the Family for parents and educators from the first year on. 7,000 trained educators using the skills they have learned to work with students' families from the first year on. 	Annual reports by the PCU and the DEI on the results of the training provided to educators, fathers, and mothers.	
3.5 Preschool assessment	To evaluate the effectiveness of preschool instruction for five-year-olds and its educational impact in the first cycle of the basic education system.	<ul style="list-style-type: none"> Assessment of the impact of preschool education in the first and fourth years of the program and the dissemination of those findings. 	SNEPE reports on the findings of the preschool assessment.	
4. Nonformal early childhood care	To promote the implementation of a public policy for early childhood development based on the diversification and validation of comprehensive nonformal models for serving boys and girls under five years of age.	<p>Output indicators:</p> <ul style="list-style-type: none"> A specific public policy on early childhood. Comprehensive nonformal models for serving boys and girls under five years of age and their validation and integration into public policies on early childhood. 	<p>An operational scheme for the National Early Childhood Plan.</p> <p>Publication presenting the systematized evaluation of the approved models.</p>	<p>The political commitment to the continued implementation of the National Early Childhood Plan is maintained.</p> <p>Smoothly functioning inter-agency coordination between the SNNA y MEC/PCU is maintained.</p>

	OBJECTIVES	INDICATORS	MEANS OF VERIFICATION	ASSUMPTIONS
4.1 Promotion of policies for early childhood development	To support the consolidation of the SNNA, to build up its institutional capacity for implementing and administering the National Early Childhood and Preschool Education Plan, to promote the provision of relevant comprehensive services to the children and their families, and to set up an information, monitoring, and service assessment system.	Output indicators: <ul style="list-style-type: none"> • A reinforced technical team in the SNNA from the first year on. • An international nonformal education forum to be held in the first year. • Campaign to promote comprehensive early childhood care are carried out annually from the first year on. 	<p>Contracts for new SNNA technical experts.</p> <p>Publication of the forum's outputs.</p> <p>Biannual SNNA reports, materials, tapes, and posters.</p>	
4.2 Nonformal models for providing comprehensive care to children under five years of age.	To test and approve comprehensive, cross-sectoral, and socioculturally relevant models for at-risk children under five years of age living in marginal urban, rural or indigenous settlements.	<ul style="list-style-type: none"> • At least 75 projects (at least 20 for each care model) carried out and offering quality comprehensive nonformal care services (2005: 15; 2006: 20; 2007: 20; 2008: 15). • 6,500 children have received nonformal care through the models introduced. • An information system in place from the second year on which contains up-to-date data on organizations capable of providing the relevant services, on beneficiaries and on their families, as well as information drawn from studies and evaluations. 	<p>Record-keeping on the beneficiary organizations.</p> <p>Reports on the findings of midterm and project completion evaluations.</p> <p>Completion reports on financed projects.</p> <p>Final evaluations of financed projects.</p> <p>SNNA database.</p>	

MATRIX OF INDICATORS AND GOALS: 2004-2008

Indicators of outcomes and outputs	Unit responsible	Base year 2000-2001	Goals				
			2004	2005	2006	2007	2008
<ul style="list-style-type: none"> • Increase in gross enrollment rate • Increase in net enrollment rate • Improvement in student/teacher ratio 	Ministry of Education and Culture	81%	89%	92%	95%	98%	100%
Nationwide		64%	77%	80%	83%	87%	90%
Urban		20					25
Rural		24					30
• Reduction of repeater rate in first grade of basic education system		17					20
• Increase in attendance		16%	16%	14%	12%	10%	8%
• Improvement in first-graders' scholastic achievement in language arts		To be defined					50%
• Improvement in first-graders' scholastic achievement in mathematics		To be defined					50%
• Improvement in cost per student		US\$94					US\$75
• Improvement in over-age rate		18%			12%		10%
• Improved perception in society of early childhood issues		To be defined					40%

PRESCHOOL AND EARLY EDUCATION IMPROVEMENT PROGRAM (PR-0124)							
PROCUREMENT PLAN							
Type of procurement	Cost	Method	2004	2005	2006	2007	2008
CONSULTANCIES							
Preparation of studies and research plan	86,000	DC	5,200	23,200	23,200	17,200	17,200
Information campaign	150,000	NCB	50,000		50,000		50,000
Evaluation of program	200,000	ICB			100,000		100,000
Inspection and supervision of school infrastructure works and repairs via ACEs	203,569	DC	27,143	40,714	67,856	54,285	13,571
GOODS							
Computers and printers	71,500	NCB	71,500				
Curriculum for early education and TTIs	474,500	NCB	340,000	37,250	5,000	92,250	
Bulletins and publications	736,500	NCB	577,700	39,700	39,700	39,700	39,700
Audiovisual equipment and materials	90,000	NCB	42,000	12,000	12,000	12,000	12,000
Teaching modules for uncertified instructors	194,400	NCB	194,400				
Libraries, TTIs, teachers and classrooms	474,000	ICB	90,000	384,000			
TTI and preschool instructional materials	1,046,711	ICB	230,000	816,711			
Preschool furnishings	966,200	ICB	148,286	225,000	296,571	201,643	94,700
Vehicle	40,500	NCB	32,100	2,100	2,100	2,100	2,100
OBRAS							
1,000 instructional facilities	9,517	NCB/DC	1,294	1,767	3,062	2,527	867
TOTAL	4,743,397		1,809,623	1,582,442	599,489	421,705	330,138

Note: DC: Direct contracting; ICB: International competitive bidding; NCB: National competitive bidding